

AGENDA
ORO VALLEY TOWN COUNCIL
REGULAR SESSION
January 7, 2015
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CAÑADA DRIVE

REGULAR SESSION AT OR AFTER 5:00 PM

CALL TO ORDER

ROLL CALL

EXECUTIVE SESSION - To receive legal advice pursuant to ARS 38-431.03(A)(3) regarding Council chambers security and pursuant to ARS 38-431.03(A)(2) to discuss confidential records

REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

ROLL CALL

PLEDGE OF ALLEGIANCE

UPCOMING MEETING ANNOUNCEMENTS

COUNCIL REPORTS

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

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 - December 10, 2014
- B. Resolution No. (R)15-01, authorizing the filing of an application with the Arizona Power Authority for the 2017 Hoover Dam power reallocation

- C. Resolution No. (R)15-02, authorizing and approving a subgrantee agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund overtime and mileage under the Operation Stonegarden program
- D. Resolution No. (R)15-03, authorizing and approving a subgrantee agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund the purchase of hand-held thermal imaging equipment under the Operation Stonegarden program
- E. Resolution No. (R)15-04, approving the annual Legislative Agenda of the Town and protocols guiding the Town's priorities for the upcoming legislative session and any lobbying activities
- F. Resolution No. (R)15-05, approving changes to the 2014 Bond Election proposed project known as the Oro Valley Business Accelerator to meet the needs of the 2015 Bond Election proposed project

REGULAR AGENDA

- 1. REQUEST TO MODIFY THE CONDITIONS OF APPROVAL TO ELIMINATE THE EXPIRATION DATE, DEFINE THE LOCATION, QUANTITY AND DURATION OF EACH EVENT AND LIMIT THE NUMBER OF VEHICLES RELATED TO THE SALES OF RECREATIONAL VEHICLES AT THE ORO VALLEY MARKETPLACE
- 2. AMENDING VARIOUS SECTIONS OF THE ORO VALLEY ZONING CODE REVISED AS IT RELATES TO SENIOR CARE USES
 - a. RESOLUTION NO. (R)15-06, DECLARING THE PROPOSED AMENDMENTS TO VARIOUS SECTIONS OF THE ORO VALLEY ZONING CODE REVISED RELATING TO SENIOR CARE, PROVIDED AS EXHIBIT "A" WITHIN THE ATTACHED RESOLUTION AND FILED WITH THE TOWN CLERK, A PUBLIC RECORD
 - b. PUBLIC HEARING: ORDINANCE NO. (O)15-01, AMENDING VARIOUS SECTIONS OF THE ORO VALLEY ZONING CODE REVISED (OVZCR) RELATED TO SENIOR CARE USES INCLUDING AMENDMENTS TO DEFINITIONS, ALLOWABLE ZONING DISTRICTS AND DEVELOPMENT STANDARDS
- 3. PUBLIC HEARING: RESOLUTION NO. (R)15-07, AUTHORIZING AND APPROVING INCREASES IN THE WATER RATES, FEES AND CHARGES FOR THE TOWN OF ORO VALLEY WATER UTILITY
- 4. DISCUSSION AND POSSIBLE DIRECTION REGARDING A COUNCIL RULE FOR PRESENTATIONS FROM COUNCILMEMBERS

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: 12/30/14 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 # A.

Meeting Date: 01/07/2015

Requested by: Julie Bower **Submitted By:** Michelle Stine, Town Clerk's Office

Department: Town Clerk's Office

Information

SUBJECT:

Minutes - December 10, 2014

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 December 3, 2014 minutes.

Attachments

12-10-14 Draft Minutes

**MINUTES
ORO VALLEY TOWN COUNCIL
SPECIAL SESSION
December 10, 2014
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CANADA DRIVE**

SPECIAL SESSION AT OR AFTER 5:00 PM

CALL TO ORDER

Mayor Hiremath called the meeting to order at 5:01 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

Mayor Hiremath led the audience in the Pledge of Allegiance.

ORDER OF BUSINESS

Mayor Hiremath said the agenda would stand as posted.

REGULAR AGENDA

- 1. PUBLIC HEARING: RESOLUTIONS AMENDING THE GENERAL PLAN FUTURE LAND USE MAP TO MASTER PLANNED COMMUNITY, ADOPTING SPECIAL AREA POLICIES RELATED TO THE DEVELOPMENT AND DELETING THE SIGNIFICANT RESOURCE AREA DESIGNATION PERTAINING TO 194 ACRES LOCATED AT THE SOUTHWEST AND NORTHWEST CORNERS OF LA CHOLLA BOULEVARD AND NARANJA DRIVE A. RESOLUTION NO. (R)14-63, AMENDING THE GENERAL PLAN FUTURE LAND USE MAP, ADOPTING SPECIAL AREA POLICIES AND DELETING THE SIGNIFICANT RESOURCE AREA FOR 186 ACRES LOCATED AT THE SOUTHWEST CORNER OF LA CHOLLA BOULEVARD AND NARANJA DRIVE B. RESOLUTION NO. (R)14-64, AMENDING THE GENERAL PLAN FUTURE LAND USE MAP, ADOPTING SPECIAL AREA POLICIES AND DELETING THE SIGNIFICANT RESOURCE AREA FOR 8**

ACRES LOCATED AT THE NORTHWEST CORNER OF LA CHOLLA BOULEVARD AND NARANJA DRIVE

Principal Planner, Chad Daines gave an overview of the proposed Major General Plan Amendments that included the following:

- Request
- Current & Proposed General Plan
- Concept Plan
- Special Area Policies
- Significant Resource Area
- Environmentally Sensitive Lands
- Amendment Evaluation
- General Plan Vision
- Notable General Plan Policies
- General Plan Evaluation Criteria
- Conditions in Community have changed?
- Socio-economic betterment / community and environment compatibility?
- Reflects market demand
- Will not impact community without mitigation?
- Amendment Evaluation
- Neighborhood Meetings
- Changes during Commission hearings
- Summary/Conclusion
- Recommendation

Discussion ensued amongst Council and staff regarding item #1.

Paul Oland with WLB Group, representing the applicant, answered questions from Council regarding the proposed master planned community.

Representative of the Kai Family, Greg Wexler, presented a brief history of the Kai Family and the proposed master planned community.

Mr. Oland gave a presentation on the General Plan policy conformance.

Mike Naifeh of Valbridge Property Advisors, presented the market study findings for the proposed master planned community that included the following:

- Income
- Single Family Demand Analysis
- 2013-2023 Household Growth Projection
- Conclusions
- Multifamily Residual Demand
- Conclusions
- 2010, 2013 and 2018 Total Population Census
- 2013 Households by Income and Age of Householder 55+

- Net Worth by Household Age
- Retail Surplus/Leakage Analysis Summary
- Potential Rental Space Currently Demanded
- Medical Care Residual Demand

Discussion ensued amongst Council, staff and applicant representatives regarding item #1.

Mayor Hiremath recessed the meeting at 7:11 p.m.

Mayor Hiremath reconvened the meeting at 7:19 p.m.

Representative of Suite 6 Architecture and Planning, Dean Munkachy, gave a presentation that included the following:

- | | |
|---|--|
| <ul style="list-style-type: none"> -Six Mile Radius -Scale and Site Aerial -Site Context -Project Goals -Washes -Connections -Roadways -Uses -Linkages -Paseos -Open Spaces -Pathways | <ul style="list-style-type: none"> -Concept Study North East Corner Commercial Commercial Land Patterns -Concept Study South East Corner Commercial Land Patterns -Paseo Character -Entry Character -Intersection Character -Attached Residential Character -Commercial Character |
|---|--|

Mr. Oland spoke regarding the proposed Major General Plan Amendments.

Mayor Hiremath opened the public hearing.

The following individuals spoke in opposition to item #1.

- Oro Valley resident Jose Echeverri
- Oro Valley resident Don Bristow
- Oro Valley resident Kent Bauman
- Oro Valley resident Gary Meyerr
- Oro Valley resident Joe Kutschka
- Oro Valley resident John Hutchinson
- Oro Valley resident Bruce McDoniel
- Oro Valley resident Rick Hines
- Oro Valley resident Karen Carlson

The following individuals spoke in support of item #1.

- Oro Valley resident and Representative of Casas Church, Darin Hoffmann
- Oro Valley resident Dr. Judy Huch
- Oro Valley resident Mike Jones
- Oro Valley resident and President and CEO of the Greater Oro Valley Chamber of Commerce, Dave Perry
- Oro Valley resident Andrew Tesler
- Oro Valley resident Thrac Paulette
- Oro Valley resident Jeff Grobstein

Mayor Hiremath closed the public hearing.

Discussion ensued amongst Council and staff regarding item #1.

MOTION: A motion was made by Councilmember Zinkin and seconded by Councilmember Garner to deny the Major General Plan Amendment requested under case OV 114-002, based on the finding that the developer has not met the demands of the citizens and that the modification may adversely impact the community.

Mayor Hiremath requested a friendly amendment to continue item #1A rather than denying the amendment.

Councilmembers Zinkin and Garner agreed to the amendment.

MOTION: A motion was made by Councilmember Zinkin and seconded by Councilmember Garner to continue item #1A to a date uncertain.

MOTION carried, 7-0.

MOTION: A motion was made by Mayor Hiremath and seconded by Councilmember Snider to continue item #1B.

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

FUTURE AGENDA ITEMS

No future agenda items were requested.

ADJOURNMENT

MOTION: A motion was made by Mayor Hiremath and seconded by Councilmember Snider to adjourn the meeting at 9:08 p.m.

MOTION carried, 7-0.

Prepared by:

Michelle Stine
Senior Office Specialist

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the special session of the Town of Oro Valley Council of Oro Valley, Arizona held on the 10th day of December 2014. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____, 2014.

Julie K. Bower, MMC
Town Clerk

DRAFT



Town Council Regular Session

Item # **B.**

Meeting Date: 01/07/2015

Requested by: Philip Saletta

Submitted By: Philip Saletta, Water

Department: Water

Information

SUBJECT:

Resolution No. (R)15-01, authorizing the filing of an application with the Arizona Power Authority for the 2017 Hoover Dam power reallocation

RECOMMENDATION:

The Water Utility Commission and Water Utility staff recommend approval.

EXECUTIVE SUMMARY:

The Arizona Power Authority (APA) is accepting applications for the 2017 reallocation of Hoover Dam hydroelectric power. The Water Utility has significant electric power costs to pump groundwater from its wells and therefore is interested in applying for lower cost hydroelectric power from the Hoover Dam. An agreement for the wheeling of this electric power could be reached with Tucson Electric Power.

Filing this application is the first step to be considered for this electric power reallocation. APA will determine if the Town is eligible to receive an allocation, as well as the amount of the allocation. Oro Valley Water Utility will request 2,500 kilowatts of power to provide power for part of its electric demand. This process will take approximately two (2) years to complete, from the submittal of the application to the allocation of the power.

There is no commitment made in submitting the application. If we receive an allocation, any future agreements will be brought back to Town Council for approval.

BACKGROUND OR DETAILED INFORMATION:

The Arizona Power Authority (APA) is accepting applications for the reallocation of hydroelectric power from Hoover Dam. This process is known as the 2017 Hoover Power Reallocation. In 1987, Hoover Dam hydroelectric power was allocated to entities through 30-year contracts, which will end in 2017.

Recent federal legislation has authorized the reallocation of Hoover power in 2017, opening the allocation of power to other entities that did not previously have an allocation of power from Hoover Dam. Based upon the information provided by APA, the Town of Oro Valley's Water Utility should be eligible for an allocation of this electric power. The specific amount and eligibility will be determined by APA during the application process.

The details of the application and allocation process are being finalized, and it is expected that applications will be due in February or March. The Water Utility seeks Council's approval at this time so it will be ready to file an application once the submittal dates are finalized. The Water Utility will be requesting up to 2,500 kilowatts (2.5 megawatts) of electric power based upon our electric power consumption. If allocated, the full 2,500 kilowatts could supply most of the power to our twenty-two operating wells. Since there is significant competition for this lower cost power, it is unlikely that we will receive the entire amount, and we may only receive an allocation to supply four (4) or five (5)

of our wells for part of the year. In addition, there are numerous entities currently receiving this power that have priority. However, even a reduced allocation amount can provide economic benefit in terms of lowering power costs to the Water Utility.

There are several categories of eligible entities that could receive an allocation. The Town would be considered in one of three categories:

- Class A - Second preference
- Class B - New applicant
- Class D - New applicant

APA will determine our eligibility and classification as part of the application process.

As part of receiving an allocation, the entity needs to demonstrate that they can take delivery of the power at a specified location, namely a Western Area Power Administration substation, and can deliver and use the power. For Oro Valley Water Utility to take delivery and use this electric power, a wheeling agreement with Tucson Electric Power (TEP) is required. The specifics and costs for wheeling Hoover power will need to be negotiated with TEP prior to APA finalizing any electric power allocation to the Town.

Oro Valley Water Utility is assessing the costs and benefits of receiving this power. We estimate that savings could range from \$20,000.00 to \$50,000.00 per year, which is contingent on a wheeling agreement with TEP and the final power costs from APA.

Filing this application is the first step in the process and there is no commitment made in submitting the application. If we receive an allocation, any future agreements will be brought back to Town Council for approval.

FISCAL IMPACT:

There is no direct cost or fee to submit the application, and Water Utility staff are preparing the application internally.

The Water Utility is analyzing the potential cost savings of receiving an allocation of Hoover Dam electric power. The actual savings are a function of the power costs from Arizona Power Authority (APA) and the wheeling costs charged by Tucson Electric Power (TEP). Preliminary estimates indicate cost savings of \$20,000.00 to \$50,000.00 annually in reduced electric power costs. If wheeling costs and charges from TEP are excessive, then a decision to not accept an allocation from APA would be recommended.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)15-01, authorizing the filing of an application with the Arizona Power Authority for the 2017 Hoover Dam power reallocation.

Attachments

(R)15-01 - APA Hoover Application

RESOLUTION NO. (R)15-01

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING THE FILING OF AN APPLICATION WITH THE ARIZONA POWER AUTHORITY FOR THE 2017 HOOVER DAM POWER REALLOCATION

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

WHEREAS, In 2017, The Arizona Power Authority will reallocate hydroelectric power produced from Hoover Dam and is accepting applications for this power reallocation; and

WHEREAS, the Arizona Power Authority has initiated the process to apply for Hoover Dam power reallocation; and

WHEREAS, the Town desires to file an application with the Arizona Power Authority for up to 2,500 kilowatts of power from Hoover; and

WHEREAS, it is in the best interest of the Town to file an application with the Arizona Power Authority for the 2017 Hoover Dam hydroelectric power reallocation to reduce its electric power costs.

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

1. The Town through its Water Utility is authorized to file an application with the Arizona Power Authority for the 2017 Hoover Dam hydroelectric power reallocation for up to 2,500 kilowatts.
2. The Town Manager, the Water Utility Director and any other administrative officials of the Town of Oro Valley are hereby authorized to take steps as necessary to file an application with the Arizona Power Authority for the 2017 Hoover Dam hydroelectric power reallocation.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona, this 7th day of January, 2015.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

APPROVED AS TO FORM:

Tobin Sidles, Legal Services Director

ATTEST:

Julie K. Bower, Town Clerk

Date: _____

Date: _____



Town Council Regular Session

Item # **C.**

Meeting Date: 01/07/2015

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

Department: Police Department

Information

SUBJECT:

Resolution No. (R)15-02, authorizing and approving a subgrantee agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund overtime and mileage under the Operation Stonegarden program

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

On November 28, 2014, the Police Department received notice of the award of funding for overtime and mileage. The Town of Oro Valley wishes to enter into this subgrantee agreement with the Arizona Department of Homeland Security (AZDOHS) to fund overtime and mileage for officers deployed under the Operation Stonegarden program. This partnership between the Town, U.S. Customs and Border Protection and other federal and local law enforcement agencies brings unique benefits to the Town and its community.

BACKGROUND OR DETAILED INFORMATION:

The grant application was made in order to work in a regional partnership with other local law enforcement agencies and the U.S. Border Patrol Tucson Sector to reduce crime and improve the quality of life for the residents and visitors of Oro Valley. This grant will use targeted deployments of officers and canine units to impact the flow of smugglers transporting humans and illegal contraband, as well as possible terrorists who intend to cause harm or commit crimes against this nation.

FISCAL IMPACT:

The approved FY 2014/2015 budget includes the capacity, in the appropriate category, for this award. Fiscal impact is \$67,410.00 received by the Town through grant funding.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)15-02, authorizing and approving a subgrantee agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund overtime and mileage under the Operation Stonegarden program.

Attachments

(R)15-02 - OT & Mileage SubGrantee Agreement
140420-01 Stonegarden OT

RESOLUTION NO. (R)15-02

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING A SUBGRANTEE AGREEMENT BETWEEN THE TOWN OF ORO VALLEY AND THE ARIZONA DEPARTMENT OF HOMELAND SECURITY TO FUND OVERTIME UNDER THE OPERATION STONEGARDEN PROGRAM

WHEREAS, the Arizona Department of Homeland Security requires participating jurisdictions to enter into a Subgrantee Agreement to receive the funds granted under the Operation Stonegarden Program; and

WHEREAS, the Town of Oro Valley's allocation under the grant is a maximum of \$67,410.00 which will be used to fund overtime under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection; and

WHEREAS, it is in the best interest of the Town of Oro Valley to enter into the Subgrantee Agreement (attached hereto as Exhibit "A" and incorporated herein by this reference) in order to receive funds which will be used to fund overtime under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection.

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

1. The Subgrantee Agreement between the Town of Oro Valley, for the benefit of the Oro Valley Police Department and the Arizona Department of Homeland Security, attached hereto as Exhibit "A" and incorporated herein by this reference, to fund overtime under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection is hereby authorized and approved.
2. The Mayor and other administrative officials of the Town of Oro Valley are hereby authorized to take such steps as are necessary to execute and implement the terms of the Subgrantee Agreement.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 7th day of January, 2015.

TOWN OF ORO VALLEY, ARIZONA

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”

SUBGRANTEE AGREEMENT
Operation Stonegarden Grant Program – Overtime

14-AZDOHS-OPSG-_____

Enter Subgrantee Agreement Number above (e.g., 140xxx-xx)

Between

The Arizona Department of Homeland Security
And

Enter the Name of the Subrecipient Agency Above

WHEREAS, A.R.S. § 41-4254 charges the Arizona Department of Homeland Security (AZDOHS) with the responsibility of administering funds.

THEREFORE, it is agreed that the AZDOHS shall provide funding to the

Enter the Name of the Subrecipient Agency Above

(subrecipient) for services under the terms of this Grant Agreement.

I. PURPOSE OF AGREEMENT

The purpose of this Agreement is to specify the responsibilities and procedures for the subrecipient's role in administering homeland security grant funds.

II. TERM OF AGREEMENT, TERMINATION AND AMENDMENTS

This Agreement shall become effective on **December 1, 2014** and shall terminate on **December 31, 2015**. The obligations of the subrecipient as described herein will survive termination of this agreement.

III. DESCRIPTION OF SERVICES

The subrecipient shall provide the services for the State of Arizona, Arizona Department of Homeland Security as approved in the grant application titled "**OPSG Overtime**" and funded at \$_____ (as may have been modified by the award letter).

Enter Funded Amount Above

IV. MANNER OF FINANCING

The AZDOHS shall:

a) Provide up to \$_____ to the subrecipient for services provided under Paragraph III. Enter Funded Amount Above

b) Payment made by the AZDOHS to the subrecipient shall be on a reimbursement basis only and is conditioned upon receipt of proof of payment and applicable, accurate and complete reimbursement documents, as deemed necessary by the AZDOHS, to be submitted by the subrecipient. A listing of acceptable documentation can be found at www.azdohs.gov. Payments will be contingent upon receipt of all reporting requirements of the subrecipient under this Agreement.

V. FISCAL RESPONSIBILITY

It is understood and agreed that the total amount of the funds used under this Agreement shall be used only for the project as described in the application. Any modification to quantity or scope of

work must be preapproved in writing by the AZDOHS. Therefore, should the project not be completed, the subrecipient shall reimburse said funds directly to the AZDOHS immediately. If the project is completed at a lower cost than the original budget called for, the amount reimbursed to the subrecipient shall be for only the amount of dollars actually spent by the subrecipient in accordance with the approved application. For any funds received under this Agreement for which expenditure is disallowed by an audit exemption or otherwise by the AZDOHS, the State, or Federal government, the subrecipient shall reimburse said funds directly to the AZDOHS immediately.

VI. FINANCIAL AUDIT/PROGRAMATIC MONITORING

The subrecipient agrees to terms specified in A.R.S. § 35-214 and § 35-215.

- a) In addition, in compliance with the Federal Single Audit Act (31 U.S.C. par. 7501-7507), as amended by the Single Audit Act Amendments of 1996 (P.L. 104 to 156), the subrecipient must have an annual audit conducted in accordance with OMB Circular #A-133 (“Audits of States, Local Governments, and Non-profit Organizations”) if the subrecipient expends more than \$500,000 from Federal awards. If the subrecipient has expended more than \$500,000 in Federal dollars, a copy of the subrecipient’s audit report for the previous fiscal year and subsequent years within the period of performance is due annually to AZDOHS within nine (9) months of the subrecipients fiscal year end.
- b) Subrecipients will be monitored periodically by the AZDOHS staff, both programmatically and financially, to ensure that the project goals, objectives, performance requirements, timelines, milestone completion, budgets, and other related program criteria are being met. Monitoring will be accomplished through a combination of office-based reviews and on-site monitoring visits. Monitoring can involve aspects of the work involved under this contract including but not limited to the review and analysis of the financial, programmatic, equipment, performance, and administrative issues relative to each program and will identify areas where technical assistance and other support may be needed.

VII. APPLICABLE FEDERAL REGULATIONS

The subrecipient must comply with the Funding Opportunity Announcement (FOA), Office of Management and Budget (OMB) Circulars, Code of Federal Regulations (CFR) and other Federal guidance including but not limited to:

- a) 44 CFR Chapter 1, Federal Emergency Management Agency, Department of Homeland Security at www.gpo.gov/fdsys/pkg/CFR-2007-title44-vol1/content-detail.html
- b) 2 CFR 225 Cost Principles for State, Local & Indian Tribal Governments (A-87 OMB Circular), at www.gpo.gov/fdsys/pkg/CFR-2007-title2-vol1/content-detail.html. Cost Principles: 2 CFR Part 225, State and Local Governments; 2 CFR Part 220, Educational Institutions; 2 CFR Part 230, Non-Profit Organizations; Federal Acquisition Regulation Subpart 31.2, Contracts with Commercial Organizations. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, at www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.
- c) 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (formerly OMB Circular A-102), at origin www.gpo.gov/fdsys/pkg/CFR-2010-title44-vol1/pdf/CFR-2010-title44-vol1-part13.pdf . U.S. Department of Homeland Security Authorized Equipment List (AEL), at www.llis.dhs.gov/knowledgebase/authorizedequipmentlist.
- d) 2 CFR Part 215, Uniformed Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.

- e) 28 CFR applicable to grants and cooperative agreements, including Part 18, Office of Justice Programs Hearing and Appeal Procedure; Part 20, Criminal Justice Information Systems; Part 22, Confidentiality of Identifiable Research and Statistical Information; Part 23, Criminal Intelligence Systems Operating Policies; Part 42, Non-discrimination; Equal Employment Opportunities; Policies and Procedures; Part 61, Procedures for Implementing the National Environmental Policy Act; Part 63, Floodplain Management and Wetland Protection Procedures; and Part 66, Uniform Administrative Requirements for Grants and Co-operative Agreements to State and local Government. This CFR can be found at <http://www.gpo.gov/fdsys/pkg/CFR-2001-title28-vol1/content-detail.html>.
- f) Where applicable and with prior written approval from AZDOHS/DHS/FEMA, program subgrantees using funds for construction projects must comply with the *Davis-Bacon Act* (40 U.S.C. 3141 *et seq.*). Subrecipients must ensure that their contractors or subcontractors for construction projects pay workers employed directly at the work-site no less than the prevailing wages and fringe benefits paid on projects of a similar character. Additional information, including Department of Labor (DOL) wage determinations, is available from the following website <http://www.dol.gov/compliance/laws/comp-dbra.htm>.

Included within the above mentioned guidance documents are provisions for the following:

National Incident Management System (NIMS)

The subrecipient agrees to remain in compliance with National Incident Management System (NIMS) implementation initiatives as outlined in the applicable Funding Opportunity Announcement (FOA).

Environmental Planning and Historic Preservation

The subrecipient shall comply with all applicable Federal, State, and Local environmental and historic preservation (EHP) requirements and shall provide any information requested by FEMA to ensure compliance with applicable laws including: National Environmental Policy Act, National Historic Preservation Act, Endangered Species Act, and Executive Orders on Floodplains (11988), Wetlands (11990) and Environmental Justice (12898). Subrecipient shall not undertake any project having the potential to impact EHP resources without the prior approval of AZDOHS/FEMA, including but not limited to communications towers, physical security enhancements, new construction, and modifications to buildings that are 50 years old or greater. Subrecipient must comply with all conditions placed on the project as the result of the EHP review. Any change to the approved project scope of work will require re-evaluation for compliance with these EHP requirements. If ground disturbing activities occur during project implementation, the subrecipient must ensure monitoring of ground disturbance and if any potential archeological resources are discovered, the subrecipient will immediately cease construction in that area and notify FEMA and the appropriate State Historic Preservation Office. Procurement and construction activities shall not be initiated prior to the full environmental and historic preservation review and approval.

Consultants/Trainers/Training Providers

Billings for consultants/trainers/training providers must include at a minimum: a description of services; dates of services; number of hours for services performed; rate charged for services; and, the total cost of services performed. Consultant/trainer/training provider costs must be within the prevailing rates; must be obtained under consistent treatment with the procurement policies of the subrecipient and 44 CFR Chapter 1, Part 13; and shall not exceed the maximum of \$450 per day per consultant/trainer/training provider unless prior written approval is granted by the AZDOHS. In addition to the per day \$450 maximum amount, the consultant/trainer/training provider may be reimbursed reasonable travel, lodging, and per diem not to exceed the state rate. Itemized receipts are required for lodging and travel reimbursements. The subrecipient will

not be reimbursed costs other than travel, lodging, and per diem on travel days for consultants/trainers/training providers.

Contractors/Subcontractors

The subrecipient may enter into written subcontract(s) for performance of certain of its functions under the contract in accordance with terms established in the OMB Circulars, Code of Federal Regulations, DHS Guidance/FOA, and DHS Program Guidance. The subrecipient agrees and understands that no subcontract that the subrecipient enters into with respect to performance under this Agreement shall in any way relieve the subrecipient of any responsibilities for performance of its duties. The subrecipient shall give the AZDOHS immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the subrecipient by any subcontractor or vendor which in the opinion of the subrecipient may result in litigation related in any way to the Agreement with the AZDOHS.

Personnel and Travel Costs

All grant funds expended for personnel, travel, lodging, and per diem must be consistent with the subrecipient's policies and procedures; and the State of Arizona Accounting Manual (SAAM); must be applied uniformly to both federally financed and other activities of the agency; and will be reimbursed at the most restrictive allowability and rate. At no time will the subrecipient's reimbursement(s) exceed the State rate established by the Arizona Department of Administration, General Accounting Office Travel Policies: www.gao.az.gov.

Procurement

The subrecipient shall comply with all internal agency procurement rules/policies and must also comply with Federal procurement rules/policies as outlined in section VII and all procurement must comply with Arizona State procurement code and rules. The Federal intent is that all Homeland Security Funds are awarded competitively. The subrecipient shall not enter into a Noncompetitive (Sole or Single Source) procurement agreement, unless prior written approval is granted by the AZDOHS. The Noncompetitive Procurement Request Form and instructions are located on the AZDOHS website, www.azdohs.gov/grants/.

Training and Exercise

The subrecipient agrees that any grant funds used for training and exercise must be in compliance with the applicable FOA. All training must be approved through the ADEM/AZDOHS training request process prior to execution of training contract(s). All exercises must utilize the FEMA Homeland Security Exercise and Evaluation Program (HSEEP) Toolkit for exercise design, development and scheduling. Subrecipient agrees to:

- a) Submit the HSEEP Toolkit Exercise Summary to AZDOHS with all Exercise Reimbursement Requests.
- b) Post all exercises, documentation and After Action Reports/Improvement Plans via the HSEEP Toolkit.
- c) Within 60 days of completion of an exercise, or as prescribed by the most recent HSEEP guidance, the exercise host subrecipient is required to upload the AAR/IP into the HSEEP Toolkit and email the AAR/IP to the local County Emergency Manager, the FEMA Region IX Exercise POC, HSEEP@dhs.gov, the AZDOHS Strategic Planner, and the Arizona Department of Emergency Management (ADEM) Exercise Officer.

Nonsupplanting Agreement

The subrecipient shall not use funds to supplant State or Local funds or other resources that would otherwise have been made available for this program/project. Further, if a position created by a grant is filled from within, the vacancy created by this action must be filled within thirty (30)

days. If the vacancy is not filled within thirty (30) days, the subrecipient must stop charging the grant for the new position. Upon filling the vacancy, the subrecipient may resume charging for the grant position.

E-Verify

Compliance requirements for A.R.S. § 41-4401—immigration laws and E-Verify requirement.

- a) The subrecipient warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A. (That subsection reads: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program).
- b) A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of the contract and the subrecipient may be subject to penalties up to and including termination of the Agreement.
- c) The AZDOHS retains the legal right to inspect the papers of any employee who works on the Agreement to ensure that the subrecipient is complying with the warranty under paragraph (a) above.

Property Control

Effective control and accountability must be maintained for all property. The subrecipient must adequately safeguard all such property and must assure that it is used for authorized purposes as described in the FOA, grant application, and Code of Federal Regulations (44 CFR 13.32). The subrecipient shall exercise caution in the use, maintenance, protection and preservation of such property.

- a) Equipment shall be used by the subrecipient in the program or project for which it was acquired as long as needed, whether or not the program or project continues to be supported by federal grant funds. Theft, destruction, or loss of property shall be reported to the AZDOHS immediately.
- b) Nonexpendable Property and Capital Assets:
 1. Nonexpendable Property is property which has a continuing use, is not consumed in use, is of a durable nature with an expected service life of one or more years, has an acquisition cost of \$300 (Three Hundred Dollars) or more, and does not become a fixture or lose its identity as a component of other equipment or systems.
 2. A Capital Asset is any personal or real property, or fixture that has an acquisition cost of \$5,000 (Five Thousand Dollars) or more per unit and a useful life of more than one year.
- c) A Property Control Form (if applicable) shall be maintained for the entire scope of the program or project for which property was acquired through the end of its useful life and/or disposition. All Nonexpendable Property and Capital Assets must be included on the Property Control Form. The subrecipient shall provide AZDOHS a copy of the Property Control Form with the final quarterly programmatic report. A Property Control Form can be located at www.azdohs.gov/Grants/. The subrecipient agrees to be subject to equipment monitoring and auditing by state or federal authorized representatives to verify information.
- d) A physical inventory of the Nonexpendable Property and Capital Assets must be taken and the results reconciled with the Property Control Form at least once every two years.
 1. A control system must be developed to ensure adequate safeguards to prevent loss,

damage, or theft of the property. Any loss, damage, or theft shall be investigated and reported to AZDOHS.

2. Adequate maintenance procedures must be developed to keep the property in good condition.

- e) When Nonexpendable Property and/or Capital Assets are no longer in operational use by the subgrantee, an updated Property Control Form must be submitted to AZDOHS immediately. The disposition of equipment shall be in compliance with the AZDOHS Disposition Guidance. If the subgrantee is requesting disposition of Capital Assets for reasons other than theft, destruction, or loss, the subgrantee must submit an Equipment Disposition Request Form and receive approval prior to the disposition. The Equipment Disposition Request Form can be found at www.azdohs.gov/Grants/.

Allowable Costs

The allowability of costs incurred under this agreement shall be determined in accordance with the general principles of allowability and standards for selected cost items as set forth in the applicable OMB Circulars, Code of Federal Regulations, authorized equipment lists and guidance documents referenced above.

- a) The subrecipient agrees that grant funds are not to be expended for any indirect costs that may be incurred by the subrecipient for administering these funds.
- b) The subrecipient agrees that grant funds are not to be expended for any Management and Administrative (M&A) costs that may be incurred by the subrecipient for administering these funds unless explicitly applied for and approved in writing by the AZDOHS and shall be in compliance with the applicable FOA.

VIII. DEBARMENT CERTIFICATION

The subrecipient agrees to comply with the Federal Debarment and Suspension regulations as outlined in the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions."

IX. FUNDS MANAGEMENT

The subrecipient must maintain funds received under this Agreement in separate ledger accounts and cannot mix these funds with other sources. The subrecipient must manage funds according to applicable Federal regulations for administrative requirements, costs principles, and audits. The subrecipient must maintain adequate business systems to comply with Federal requirements. The business systems that must be maintained are:

- Financial Management
- Procurement
- Personnel
- Property
- Travel

A system is adequate if it is 1) written; 2) consistently followed – it applies in all similar circumstances; and 3) consistently applied – it applies to all sources of funds.

X. REPORTING REQUIREMENTS

Regular reports by the subrecipient shall include:

- a) Programmatic Reports
- The subrecipient shall provide quarterly programmatic reports to the AZDOHS within fifteen (15) working days of the last day of the quarter in which services are provided. The subrecipient shall use the form provided by the AZDOHS to submit quarterly programmatic reports. The report shall contain such information as deemed necessary by the AZDOHS.

The subrecipient shall use the Quarterly Programmatic Report form, which is posted at www.azdohs.gov/Grants/. If the scope of the project has been fully completed and implemented, and there will be no further updates, then the quarterly programmatic report for the quarter in which the project was completed will be sufficient as the final report. The report should be marked as final and should be inclusive of all necessary and pertinent information regarding the project as deemed necessary by the AZDOHS. Quarterly programmatic reports shall be submitted to the AZDOHS until the entire scope of the project is completed

- b) Quarterly Programmatic Reports are due:
 - January 15** (period October 1– December 31)
 - April 15** (period January 1 – March 31)
 - July 15** (period April 1 – June 30)
 - October 15** (period July 1 – September 30)

- c) Final Quarterly Report:

The final quarterly report is due no more than fifteen (15) days after the end of the performance period. The Property Control Form and Grant Funded Typed Resource Report are due with the final quarterly report (if applicable).

- d) Property Control Form – if applicable:

The subrecipient shall provide AZDOHS a copy of the Property Control Form with the final quarterly report.

 - a. In case of equipment disposition:

The Property Control Form shall be updated and a copy provided to AZDOHS no more than forty-five (45) calendar days after equipment disposition, if applicable. The disposition of equipment must be in compliance with the AZDOHS Disposition Guidance.

- e) The Grant Funded Typed Resource Report – if applicable:

The subrecipient shall email the AZDOHS Strategic Planner a copy of the Grant Funded Typed Resource Report with the final quarterly report. The Grant Funded Typed Resource Report and instructions are located at www.azdohs.gov/Grants/.

- f) Financial Reimbursements
The subrecipient shall provide as frequently as monthly but not less than quarterly requests for reimbursement. Reimbursements requests are only required when expenses have been incurred. Reimbursements shall be submitted with the Reimbursement Form provided by the AZDOHS staff. The subrecipient shall submit a final reimbursement for expenses received and invoiced prior to the end of the termination of this Agreement no more than **forty-five (45) calendar days** after the end of the Agreement. Requests for reimbursement received later than the forty-five (45) days after the Agreement termination will not be paid. The final reimbursement request as submitted shall be marked FINAL.

The AZDOHS requires that all requests for reimbursement are submitted via U.S. mail (United States Postal Service), FedEx, UPS, etc...or in person. Reimbursements submitted via fax or by any electronic means will not be accepted.

The AZDOHS reserves the right to request and/or require any supporting documentation it feels necessary in order to process reimbursements.

All reports shall be submitted to the contact person as described in Paragraph XL, NOTICES, of this Agreement.

XI. ASSIGNMENT AND DELEGATION

The subrecipient may not assign any rights hereunder without the express, prior written consent of both parties.

XII. AMENDMENTS

Any change in this Agreement including but not limited to the Description of Services and budget described herein, whether by modification or supplementation, must be accomplished by a formal Agreement amendment signed and approved by and between the duly authorized representative of the subrecipient and the AZDOHS. The AZDOHS shall have the right to immediately amend this Agreement so that it complies with any new legislation, laws, ordinances, or rules affecting this Agreement.

Any such amendment shall specify: 1) an effective date; 2) any increases or decreases in the amount of the subrecipient's compensation if applicable; 3) be titled as an "Amendment," and 4) be signed by the parties identified in the preceding sentence. The subrecipient expressly and explicitly understands and agrees that no other method of communication, including any other document, correspondence, act, or oral communication by or from any person, shall be used or construed as an amendment or modification or supplementation to this Agreement.

XIII. US DEPARTMENT OF HOMELAND SECURITY AGREEMENT ARTICLES

Article A – Acceptance of Post Award Changes

In the event FEMA determines that changes are necessary to the award document after an award has been made, including changes to period of performance or terms and conditions, recipients will be notified of the changes in writing. Once notification has been made, any subsequent request for funds will indicate recipient acceptance of the changes to the award.

Article B - Compliance with Funding Opportunity Announcement

The recipient agrees that all allocations and use of funds under this grant will be in accordance with the applicable FOA.

Article C - DHS Specific Acknowledgements and Assurances

All recipients of financial assistance must acknowledge and agree—and require any sub-recipients, contractors, successors, transferees, and assignees acknowledge and agree—to comply with applicable provisions governing DHS access to records, accounts, documents, information, facilities, and staff.

1. Recipients must cooperate with any compliance review or complaint investigation conducted by DHS.
2. Recipients must give DHS access to and the right to examine and copy records, accounts, and other documents and sources of information related to the grant and permit access to facilities, personnel, and other individuals and information as may be necessary, as required by DHS regulations and other applicable laws or program guidance.
3. Recipients must submit timely, complete, and accurate reports to the appropriate DHS officials and maintain appropriate backup documentation to support the reports.
4. Recipients must comply with all other special reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.
5. If, during the past three years, the recipient has been accused of discrimination on the grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status, the recipient must provide a list of all such proceedings,

pending or completed, including outcome and copies of settlement agreements to the DHS awarding office and the DHS Office of Civil Rights and Civil Liberties.

6. In the event any court or administrative agency makes a finding of discrimination on grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status against the recipient, or the recipient settles a case or matter alleging such discrimination, recipients must forward a copy of the complaint and findings to the DHS Component and/or awarding office.

The United States has the right to seek judicial enforcement of these obligations.

Article D - Use of DHS Seal, Logo and Flags

All recipients must obtain DHS's approval prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

Article E - USA Patriot Act of 2001

All recipients must comply with the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act), which amends 18 U.S.C. §§ 175–175c. Among other things, the USA PATRIOT Act prescribes criminal penalties for possession of any biological agent, toxin, or delivery system of a type or in a quantity that is not reasonably justified by a prophylactic, protective, bona fide research, or other peaceful purpose.

Article F - Trafficking Victims Protection Act of 2000

All recipients of financial assistance will comply with the requirements of the government-wide award term which implements Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. § 7104), located at 2 CFR Part 175. This is implemented in accordance with OMB Interim Final Guidance, Federal Register, Volume 72, No. 218, November 13, 2007.

In accordance with the statutory requirement, in each agency award under which funding is provided to a private entity, Section 106(g) of the TVPA, as amended, requires the agency to include a condition that authorizes the agency to terminate the award, without penalty, if the recipient or a subrecipient —

1. Engages in severe forms of trafficking in persons during the period of time that the award is in effect;
2. Procures a commercial sex act during the period of time that the award is in effect; or
3. Uses forced labor in the performance of the award or subawards under the award.

Full text of the award term is provided at 2 CFR § 175.15.

Article G - Non-supplanting Requirement

All recipients must ensure that Federal funds do not replace (supplant) funds that have been budgeted for the same purpose through non-Federal sources. Applicants or award recipients may be required to demonstrate and document that a reduction in non-Federal resources occurred for reasons other than the receipt of expected receipt of Federal funds.

Article H - Lobbying Prohibitions

All recipients must comply with 31 U.S.C. § 1352, which provides that none of the funds provided under an award may be expended by the recipient to pay any person to influence, or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any Federal action concerning the award or renewal.

Article I - Hotel and Motel Fire Safety Act of 1990

In accordance with Section 6 of the Hotel and Motel Fire Safety Act of 1990, 15 U.S.C. §2225(a), all recipients must ensure that all conference, meeting, convention, or training space funded in whole or in part with Federal funds complies with the fire prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, 15 U.S.C. §2225.

Article J - Fly America Act of 1974

All recipients must comply with Preference for U.S. Flag Air Carriers: Travel supported by U.S. Government funds requirement, which states preference for the use of U.S. flag air carriers (air carriers holding certificates under 49 U.S.C. §41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. § 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B138942.

Article K - Federal Debt Status

All recipients are required to be non-delinquent in their repayment of any Federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129 and form SF-424, item number 17 for additional information and guidance.

Article L - False Claims Act and Program Fraud Civil Remedies

All recipients must comply with the requirements of 31 U.S.C. § 3729 which set forth that no recipient of federal payments shall submit a false claim for payment. See also 38 U.S.C. § 3801-3812 which details the administrative remedies for false claims and statements made.

Article M - Duplication of Benefits

State, Local and Tribal recipients must comply with 2 CFR Part §225, Appendix A, paragraph (C)(3)(c), which provides that any cost allocable to a particular Federal award or cost objective under the principles provided for in this authority may not be charged to other Federal awards to overcome fund deficiencies.

Article N - Drug-Free Workplace Regulations

All recipients must comply with the Drug-Free Workplace Act of 1988 (412 U.S.C. § 701 et seq.), which requires that all organizations receiving grants from any Federal agency agree to maintain a drug-free workplace. These regulations are codified at 2 CFR 3001.

Article O - Debarment and Suspension

All recipients must comply with Executive Orders 12549 and 12689, which provide protection against waste, fraud, and abuse by debarring or suspending those persons deemed irresponsible in their dealings with the Federal government.

Article P - Copyright

All recipients must affix the applicable copyright notices of 17 U.S.C. § 401 or 402 and an acknowledgement of Government sponsorship (including award number) to any work first produced under Federal financial assistance awards, unless the work includes any information that is otherwise controlled by the Government (e.g., classified information or other information subject to national security or export control laws or regulations).

Article Q - Best Practices for Collection and Use of Personally Identifiable Information (PII)

All award recipients who collect PII are required to have a publicly-available privacy policy that describes what PII they collect, how they use the PII, whether they share PII with third parties, and how individuals may have their PII corrected where appropriate. Award recipients may also find as a useful resource the DHS Privacy Impact Assessments guidance and template located at:

http://www.dhs.gov/xlibrary/assets/privacy/privacy_pia_guidance_june2010.pdf

and

http://www.dhs.gov/xlibrary/assets/privacy/privacy_pia_template.pdf, respectively.

Article R - Activities Conducted Abroad

All recipients must ensure that project activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.

Article S - Acknowledgement of Federal Funding from DHS

All recipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with Federal funds.

Article T - Assurances, Administrative Requirements and Cost Principles

Recipients of DHS federal financial assistance must complete OMB Standard Form 424B Assurances – Non-Construction Programs. Certain assurances in this form may not be applicable to your project or program, and the awarding agency may require applicants to certify to additional assurances. Please contact the program awarding office if you have any questions.

The administrative requirements that apply to DHS award recipients originate from two sources:

- Office of Management and Budget (OMB) Circular A-102, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (also known as the “A-102 Common Rule”). These A-102 requirements are also located within DHS regulations at Title 44, Code of Federal Regulations (CFR) Part 13.
- OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, relocated to 2 CFR Part 215.

The cost principles that apply to DHS award recipients through a grant or cooperative agreement originate from one of the following sources:

- OMB Circular A-21, Cost Principles for Educational Institutions, relocated to 2 CFR Part 220.
- OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, relocated to 2 CFR Part 225.
- OMB Circular A-122, Cost Principles for Non-Profit Organizations, relocated to 2 CFR Part 230.

The audit requirements for State, Local and Tribal recipients of DHS awards originate from:

- OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Article U - Age Discrimination Act of 1975

All recipients must comply with the requirements of the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.), which prohibits discrimination on the basis of age in any program or activity receiving Federal financial assistance.

Article V - Americans with Disabilities Act of 1990

All recipients must comply with the requirements of Titles I, II, and III of the Americans with Disabilities Act, which prohibits recipients from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12101–12213).

Article W - Title VI of the Civil Rights Act of 1964

All recipients must comply with the requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.), codified at 6 CFR Part 21 and 44 CFR Part 7, which provides that no person in the United States will, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Article X - Civil Rights Act of 1968

All recipients must comply with Title VIII of the Civil Rights Act of 1968, which prohibits recipients from discriminating in the sale, rental, financing, and advertising of dwellings, or in the provision of services in connection therewith, on the basis of race, color, national origin, religion, disability, familial status, and sex (42 U.S.C. § 3601 et seq.), as implemented by the Department of Housing and Urban Development at 24 CFR Part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units—i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)—be designed and constructed with certain accessible features (see 24 CFR § 100.201).

Article Y - Limited English Proficiency (Civil Rights Act of 1964, Title VI)

All recipients must comply with the Title VI of the Civil Rights Act of 1964 (Title VI) prohibition against discrimination on the basis of national origin, which requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services. Providing meaningful access for persons with LEP may entail providing language assistance services, including oral interpretation and written translation. In order to facilitate compliance with Title VI, recipients are encouraged to consider the need for language services for LEP persons served or encountered in developing program budgets. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000), requires federal agencies to issue guidance to recipients, assisting such organizations and entities in understanding their language access obligations. DHS published the required recipient guidance in April 2011, DHS Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons, 76 Fed. Reg. 21755-21768, (April 18, 2011). The Guidance provides helpful information such as how a recipient can determine the extent of its obligation to provide language services; selecting language services; and elements of an effective plan on language assistance for LEP persons. For additional assistance and information regarding language access obligations, please refer to the DHS Recipient Guidance <https://www.dhs.gov/guidance-published-help-department-supported-organizations-provide-meaningful-access-people-limited> and additional resources on <http://www.lep.gov>.

Article Z - SAFECOM

Recipients who receive awards made under programs that provide emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency

Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.

Article AA - Title IX of the Education Amendments of 1975 (Equal Opportunity in Education Act)

All recipients must comply with the requirements of Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 et seq.), which provides that no person in the United States will, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving Federal financial assistance.

These regulations are codified at 6 CFR Part 17 and 44 CFR Part 19.

Article AB - Rehabilitation Act of 1973

All recipients of must comply with the requirements of Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, as amended, which provides that no otherwise qualified handicapped individual in the United States will, solely by reason of the handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. These requirements pertain to the provision of benefits or services as well as to employment.

XIV. OFFSHORE PERFORMANCE OF WORK PROHIBITED

Due to security and identity protection concerns, all services under this Agreement shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision applies to work performed by subcontractors at all tiers.

XV. AGREEMENT RENEWAL

This Agreement shall not bind nor purport to bind the AZDOHS for any contractual commitment in excess of the original Agreement period.

XVI. RIGHT TO ASSURANCE

If the AZDOHS in good faith has reason to believe that the subrecipient does not intend to, or is unable to perform or continue performing under this Agreement, the AZDOHS may demand in writing that the subrecipient give a written assurance of intent to perform. If the subrecipient fails to provide written assurance within the number of days specified in the demand, the AZDOHS at its option may terminate this Agreement.

XVII. CANCELLATION FOR CONFLICT OF INTEREST

The AZDOHS may, by written notice to the subrecipient, immediately cancel this Agreement without penalty or further obligation pursuant to A.R.S. § 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on behalf of the State or its subdivisions (unit of Local Government) is an employee or agent of any other party in any capacity or a consultant to any other party to the Agreement with respect to the subject matter of the Agreement. Such cancellation shall be effective when the parties to the Agreement receive written notice from the AZDOHS, unless the notice specifies a later time.

XVIII. THIRD PARTY ANTITRUST VIOLATIONS

The subrecipient assigns the State of Arizona any claim for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to subrecipient toward fulfillment of this Agreement.

XIX. AVAILABILITY OF FUNDS

Every payment obligation of the AZDOHS under this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligations. If the funds are not allocated and available for the continuance of this Agreement, the AZDOHS may terminate this Agreement at the end of the period for which funds are available. No liability shall accrue to

the AZDOHS in the event this provision is exercised, and the AZDOHS shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph, including purchases and/or contracts entered into by the subrecipient in the execution of this Agreement.

XX. FORCE MAJEURE

If either party hereto is delayed or prevented from the performance of any act required in this Agreement by reason of acts of God, strikes, lockouts, labor disputes, civil disorder, or other causes without fault and beyond the control of the party obligated, performance of such act will be excused for the period of the delay.

XXI. PARTIAL INVALIDITY

Any term or provision of this Agreement that is hereafter declared contrary to any current or future law, order, regulation, or rule, or which is otherwise invalid, shall be deemed stricken from this Agreement without impairing the validity of the remainder of this Agreement.

XXII. ARBITRATION

In the event of any dispute arising under this Agreement, written notice of the dispute must be provided to the other party within thirty (30) days of the events giving the rise to the dispute. The subrecipient agrees to terms specified in A.R.S. § 12-1518.

XXIII. GOVERNING LAW AND CONTRACT INTERPRETATION

- a) This Agreement shall be governed and interpreted in accordance with the laws of the State of Arizona.
- b) This Agreement is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms in this document.
- c) Either party's failure to insist on strict performance of any term or condition of the Agreement shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object.

XXIV. ENTIRE AGREEMENT

This Agreement and its Exhibits constitute the entire Agreement between the parties hereto pertaining to the subject matter hereof and may not be changed or added to except by a writing signed by all parties hereto in conformity with Paragraph XII, AMENDMENTS. The subrecipient agrees to comply with any such amendment within ten (10) business days of receipt of a fully executed amendment. All prior and contemporaneous agreements, representations, and understandings of the parties, oral, written, pertaining to the subject matter hereof, are hereby superseded or merged herein.

XXV. RESTRICTIONS ON LOBBYING

The subrecipient shall not use funds made available to it under this Agreement to pay for, influence, or seek to influence any officer or employee of a State or Federal government.

XXVI. LICENSING

The subrecipient, unless otherwise exempted by law, shall obtain and maintain all licenses, permits, and authority necessary to perform those acts it is obligated to perform under this Agreement.

XXVII. NON-DISCRIMINATION

The subrecipient shall comply with all State and Federal equal opportunity and non-discrimination requirements and conditions of employment, including the Americans with Disabilities Act, in accordance with A.R.S. title 41, Chapter 9, Article 4 and Executive Order 2009-09.

XXVIII. SECTARIAN REQUESTS

Funds disbursed pursuant to this Agreement may not be expended for any sectarian purpose or activity, including sectarian worship or instruction in violation of the United States or Arizona Constitutions.

XXIX. SEVERABILITY

The provisions of this Agreement are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Agreement.

XXX. ADVERTISING AND PROMOTION OF AGREEMENT

The subrecipient shall not advertise or publish information for commercial benefit concerning this Agreement without the written approval of the AZDOHS.

XXXI. OWNERSHIP OF INFORMATION, PRINTED AND PUBLISHED MATERIAL

The AZDOHS reserves the right to review and approve any publications funded or partially funded through this Agreement. All publications funded or partially funded through this Agreement shall recognize the AZDOHS and the U.S. Department of Homeland Security. The U.S. Department of Homeland Security and the AZDOHS shall have full and complete rights to reproduce, duplicate, disclose, perform, and otherwise use all materials prepared under this Agreement.

The subrecipient agrees that any report, printed matter, or publication (written, visual, or sound, but excluding press releases, newsletters, and issue analyses) issued by the subrecipient describing programs or projects funded in whole or in part with Federal funds shall contain the following statement:

"This document was prepared under a grant from U.S. Department of Homeland Security. Points of view or opinions expressed in this document are those of the authors and do not necessarily represent the official position or policies of the U.S. Department of Homeland Security."

The subrecipient also agrees that one copy of any such publication, report, printed matter, or publication shall be submitted to the AZDOHS to be placed on file and distributed as appropriate to other potential subrecipients or interested parties. The AZDOHS may waive the requirement for submission of any specific publication upon submission of a request providing justification from the subrecipient.

The AZDOHS and the subrecipient recognize that research resulting from this Agreement has the potential to become public information. However, prior to the termination of this Agreement, the subrecipient agrees that no research-based data resulting from this Agreement shall be published or otherwise distributed in any form without express written permission from the AZDOHS and possibly the U.S. Department of Homeland Security. It is also agreed that any report or printed matter completed as a part of this agreement is a work for hire and shall not be copyrighted by the subrecipient.

XXXII. CLOSED-CAPTIONING OF PUBLIC SERVICE ANNOUNCEMENTS

Any television public service announcement that is produced or funded in whole or in part by the subrecipient shall include closed captioning of the verbal content of such announcement.

XXXIII. INDEMNIFICATION

Each party (as "Indemnitor") agrees to defend, indemnify, 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. The State of Arizona, (State Agency) is self-insured per A.R.S. 41-621.

In addition, should subrecipient utilize a contractor(s) and subcontractor(s) the indemnification clause between subrecipient and contractor(s) and subcontractor(s) shall include the following:

Contractor shall defend, indemnify, and hold harmless the (insert name of other governmental entity) and the State of Arizona, and any jurisdiction or agency issuing any permits for any work arising out of this Agreement, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the contractor or any of the directors, officers, agents, or employees or subcontractors of such contractor. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by such contractor from and against any and all claims. It is agreed that such contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. Additionally on all applicable insurance policies, contractor and its subcontractors shall name the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as an additional insured and also include a waiver of subrogation in favor of the State.

XXXIV. TERMINATION

- a) All parties reserve the right to terminate the Agreement in whole or in part due to the failure of the subrecipient or the grantor to comply with any term or condition of the Agreement, to acquire and maintain all required insurance policies, bonds, licenses, and permits or to make satisfactory progress in performing the Agreement. The staff of either party shall provide a written thirty (30) day advance notice of the termination and the reasons for it.
- b) If the subrecipient chooses to terminate the contract before the grant deliverables have been met then the AZDOHS reserves the right to collect all reimbursements distributed to the subrecipient.
- c) The AZDOHS may, upon termination of this Agreement, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Agreement. The subrecipient shall be liable to the AZDOHS for any excess costs incurred by the AZDOHS in procuring materials or services in substitution for those due from the subrecipient.

XXXV. CONTINUATION OF PERFORMANCE THROUGH TERMINATION

The subrecipient shall continue to perform, in accordance with the requirements of the Agreement, up to the date of termination, as directed in the termination notice.

XXXVI. PARAGRAPH HEADINGS

The paragraph headings in this Agreement are for convenience of reference only and do not define, limit, enlarge, or otherwise affect the scope, construction, or interpretation of this Agreement or any of its provisions.

XXXVII. COUNTERPARTS

This Agreement may be executed in any number of counterparts, copies, or duplicate originals. Each such counterpart, copy, or duplicate original shall be deemed an original, and collectively they shall constitute one agreement.

XXXVIII. AUTHORITY TO EXECUTE THIS AGREEMENT

Each individual executing this Agreement on behalf of the subrecipient represents and warrants that he or she is duly authorized to execute this Agreement.

XXXIX. SPECIAL CONDITIONS

- a) The subrecipient must comply with the most recent version of the Administrative Requirements, Cost Principles, and Audit requirements
- b) The subrecipient acknowledges that the U.S. Department of Homeland Security and the AZDOHS reserve a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal government purposes: (a) the copyright in any work developed under an award or sub-award; and (2) any rights of copyright to which a subrecipient purchases ownership with Federal support. The subrecipient shall consult with the AZDOHS regarding the allocation of any patent rights that arise from, or are purchased with, this funding.
- c) The subrecipient agrees that, when practicable, any equipment purchased with grant funding shall be prominently marked as follows: **"Purchased with funds provided by the U.S. Department of Homeland Security."**
- d) The subrecipient agrees to cooperate with any assessments, state/national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this agreement.
- e) The subrecipient is prohibited from transferring funds between programs (State Homeland Security Program, Urban Area Security Initiative, Citizen Corps Program, Operation Stonegarden, and Metropolitan Medical Response System).

XL. NOTICES

Any and all notices, requests, demands, or communications by either party to this Agreement, pursuant to or in connection with this Agreement shall be in writing, be delivered in person, or shall be sent to the respective parties at the following addresses:

Arizona Department of Homeland Security
1700 West Washington Street, Suite 210
Phoenix, AZ 85007

The subrecipient shall address all programmatic and reimbursement notices relative to this Agreement to the appropriate AZDOHS staff; contact information at www.azdohs.gov.

The AZDOHS shall address all notices relative to this Agreement to:

Enter Title, First & Last Name above

Enter Agency Name above

Enter Street Address

Enter City, State, ZIP

XLI. IN WITNESS WHEREOF

The parties hereto agree to execute this Agreement.

FOR AND BEHALF OF THE

Enter Agency Name above

Authorized Signature above

Print Name & Title above

Enter Date above

FOR AND BEHALF OF THE

Arizona Department of Homeland Security

Gilbert M. Orrantia
Director

Date

(Please be sure to complete and mail two original documents to the Arizona Department of Homeland Security.)

Attest:

Julie K. Bower, Town Clerk

Approved as to form:

Tobin Sidles, Legal Services Director



Town Council Regular Session

Item # **D.**

Meeting Date: 01/07/2015

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

Department: Police Department

Information

SUBJECT:

Resolution No. (R)15-03, authorizing and approving a subgrantee agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund the purchase of hand-held thermal imaging equipment under the Operation Stonegarden program

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

On November 28, 2014, the Police Department was awarded funding to purchase the proposed equipment. The Town of Oro Valley wishes to enter into a subgrantee agreement with the Arizona Department of Homeland Security (AZDOHS) to fund the purchase of equipment to support officers deployed under the Operation Stonegarden program. This partnership between the Town, U.S. Customs and Border Protection and other federal and local law enforcement agencies brings unique benefits to the Town and its community.

BACKGROUND OR DETAILED INFORMATION:

The grant application was made in order to work in a regional partnership with other local law enforcement agencies and the U.S. Border Patrol Tucson Sector to reduce crime and improve the quality of life for the residents and visitors of Oro Valley. This grant will provide equipment for officers assigned to deployments which is intended to impact the flow of smugglers transporting humans and illegal contraband, as well as possible terrorists who intend to cause harm or commit crimes against this nation. As a result, AZDOHS has awarded funding for hand held thermal imaging equipment to support officers deployed under the Operation Stonegarden program.

FISCAL IMPACT:

The approved FY 2014/2015 budget includes the capacity, in the appropriate category, for this award. Fiscal impact is \$6,200.00, received by the Town through grant funding.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)15-03, authorizing and approving a subgrantee agreement between the Town of Oro Valley and the Arizona Department of Homeland Security to fund the purchase of hand-held thermal imaging equipment under the Operation Stonegarden program.

Attachments

(R)15-03 - Stonegarden Equipment Agreement

140420-02 Equipment



RESOLUTION NO. (R)15-03

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING A SUBGRANTEE AGREEMENT BETWEEN THE TOWN OF ORO VALLEY AND THE ARIZONA DEPARTMENT OF HOMELAND SECURITY TO FUND THE PURCHASE OF EQUIPMENT UNDER THE OPERATION STONEGARDEN PROGRAM

WHEREAS, the Arizona Department of Homeland Security requires participating jurisdictions to enter into a Subgrantee Agreement to receive the funds granted under the Operation Stonegarden Program; and

WHEREAS, the Town of Oro Valley's allocation under the grant is a maximum of \$6,200.00 which will be used to fund the purchase of equipment under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection; and

WHEREAS, it is in the best interest of the Town of Oro Valley to enter into the Subgrantee Agreement (attached hereto as Exhibit "A" and incorporated herein by this reference) in order to receive funds which will be used to fund the purchase of equipment under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection.

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

1. The Subgrantee Agreement between the Town of Oro Valley, for the benefit of the Oro Valley Police Department and the Arizona Department of Homeland Security, attached hereto as Exhibit "A" and incorporated herein by this reference, to fund the purchase of equipment under the Operation Stonegarden Program for deployments with the U.S. Department of Homeland Security Bureau of Customs and Border Protection is hereby authorized and approved.
2. The Mayor and other administrative officials of the Town of Oro Valley are hereby authorized to take such steps as are necessary to execute and implement the terms of the Subgrantee Agreement.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 7th day of January, 2015.

TOWN OF ORO VALLEY, ARIZONA

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”

SUBGRANTEE AGREEMENT
Operation Stonegarden Grant Program - Equipment

14-AZDOHS-OPSG-_____

Enter Subgrantee Agreement Number above (e.g., 140xxx-xx)

Between

The Arizona Department of Homeland Security
And

Enter the Name of the Subrecipient Agency Above

WHEREAS, A.R.S. § 41-4254 charges the Arizona Department of Homeland Security (AZDOHS) with the responsibility of administering funds.

THEREFORE, it is agreed that the AZDOHS shall provide funding to the

Enter the Name of the Subrecipient Agency Above

(subrecipient) for services under the terms of this Grant Agreement.

I. PURPOSE OF AGREEMENT

The purpose of this Agreement is to specify the responsibilities and procedures for the subrecipient's role in administering homeland security grant funds.

II. TERM OF AGREEMENT, TERMINATION AND AMENDMENTS

This Agreement shall become effective on **December 1, 2014** and shall terminate on **December 31, 2015**. The obligations of the subrecipient as described herein will survive termination of this agreement.

III. DESCRIPTION OF SERVICES

The subrecipient shall provide the services for the State of Arizona, Arizona Department of Homeland Security as approved in the grant application titled "**OPSG Equipment**" and funded at \$ _____ (as may have been modified by the award letter).

Enter Funded Amount Above

IV. MANNER OF FINANCING

The AZDOHS shall:

a) Provide up to \$ _____ to the subrecipient for services provided under Paragraph III. Enter Funded Amount Above

b) Payment made by the AZDOHS to the subrecipient shall be on a reimbursement basis only and is conditioned upon receipt of proof of payment and applicable, accurate and complete reimbursement documents, as deemed necessary by the AZDOHS, to be submitted by the subrecipient. A listing of acceptable documentation can be found at www.azdohs.gov. Payments will be contingent upon receipt of all reporting requirements of the subrecipient under this Agreement.

V. FISCAL RESPONSIBILITY

It is understood and agreed that the total amount of the funds used under this Agreement shall be used only for the project as described in the application. Any modification to quantity or scope of work must be preapproved in writing by the AZDOHS. Therefore, should the project not be

completed, the subrecipient shall reimburse said funds directly to the AZDOHS immediately. If the project is completed at a lower cost than the original budget called for, the amount reimbursed to the subrecipient shall be for only the amount of dollars actually spent by the subrecipient in accordance with the approved application. For any funds received under this Agreement for which expenditure is disallowed by an audit exemption or otherwise by the AZDOHS, the State, or Federal government, the subrecipient shall reimburse said funds directly to the AZDOHS immediately.

VI. FINANCIAL AUDIT/PROGRAMATIC MONITORING

The subrecipient agrees to terms specified in A.R.S. § 35-214 and § 35-215.

- a) In addition, in compliance with the Federal Single Audit Act (31 U.S.C. par. 7501-7507), as amended by the Single Audit Act Amendments of 1996 (P.L. 104 to 156), the subrecipient must have an annual audit conducted in accordance with OMB Circular #A-133 ("Audits of States, Local Governments, and Non-profit Organizations") if the subrecipient expends more than \$500,000 from Federal awards. If the subrecipient has expended more than \$500,000 in Federal dollars, a copy of the subrecipient's audit report for the previous fiscal year and subsequent years within the period of performance is due annually to AZDOHS within nine (9) months of the subrecipients fiscal year end.
- b) Subrecipients will be monitored periodically by the AZDOHS staff, both programmatically and financially, to ensure that the project goals, objectives, performance requirements, timelines, milestone completion, budgets, and other related program criteria are being met. Monitoring will be accomplished through a combination of office-based reviews and on-site monitoring visits. Monitoring can involve aspects of the work involved under this contract including but not limited to the review and analysis of the financial, programmatic, equipment, performance, and administrative issues relative to each program and will identify areas where technical assistance and other support may be needed.

VII. APPLICABLE FEDERAL REGULATIONS

The subrecipient must comply with the Funding Opportunity Announcement (FOA), Office of Management and Budget (OMB) Circulars, Code of Federal Regulations (CFR) and other Federal guidance including but not limited to:

- a) 44 CFR Chapter 1, Federal Emergency Management Agency, Department of Homeland Security at www.gpo.gov/fdsys/pkg/CFR-2007-title44-vol1/content-detail.html
- b) 2 CFR 225 Cost Principles for State, Local & Indian Tribal Governments (A-87 OMB Circular), at www.gpo.gov/fdsys/pkg/CFR-2007-title2-vol1/content-detail.html. Cost Principles: 2 CFR Part 225, State and Local Governments; 2 CFR Part 220, Educational Institutions; 2 CFR Part 230, Non-Profit Organizations; Federal Acquisition Regulation Subpart 31.2, Contracts with Commercial Organizations. OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, at www.whitehouse.gov/sites/default/files/omb/assets/a133/a133_revised_2007.pdf.
- c) 44 CFR Part 13, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (formerly OMB Circular A-102), at origin www.gpo.gov/fdsys/pkg/CFR-2010-title44-vol1/pdf/CFR-2010-title44-vol1-part13.pdf. U.S. Department of Homeland Security Authorized Equipment List (AEL), at www.llis.dhs.gov/knowledgebase/authorizedequipmentlist.
- d) 2 CFR Part 215, Uniformed Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations.

- e) 28 CFR applicable to grants and cooperative agreements, including Part 18, Office of Justice Programs Hearing and Appeal Procedure; Part 20, Criminal Justice Information Systems; Part 22, Confidentiality of Identifiable Research and Statistical Information; Part 23, Criminal Intelligence Systems Operating Policies; Part 42, Non-discrimination; Equal Employment Opportunities; Policies and Procedures; Part 61, Procedures for Implementing the National Environmental Policy Act; Part 63, Floodplain Management and Wetland Protection Procedures; and Part 66, Uniform Administrative Requirements for Grants and Co-operative Agreements to State and local Government. This CFR can be found at <http://www.gpo.gov/fdsys/pkg/CFR-2001-title28-vol1/content-detail.html>.
- f) Where applicable and with prior written approval from AZDOHS/DHS/FEMA, program subgrantees using funds for construction projects must comply with the *Davis-Bacon Act* (40 U.S.C. 3141 *et seq.*). Subrecipients must ensure that their contractors or subcontractors for construction projects pay workers employed directly at the work-site no less than the prevailing wages and fringe benefits paid on projects of a similar character. Additional information, including Department of Labor (DOL) wage determinations, is available from the following website <http://www.dol.gov/compliance/laws/comp-dbra.htm>.

Included within the above mentioned guidance documents are provisions for the following:

National Incident Management System (NIMS)

The subrecipient agrees to remain in compliance with National Incident Management System (NIMS) implementation initiatives as outlined in the applicable Funding Opportunity Announcement (FOA).

Environmental Planning and Historic Preservation

The subrecipient shall comply with all applicable Federal, State, and Local environmental and historic preservation (EHP) requirements and shall provide any information requested by FEMA to ensure compliance with applicable laws including: National Environmental Policy Act, National Historic Preservation Act, Endangered Species Act, and Executive Orders on Floodplains (11988), Wetlands (11990) and Environmental Justice (12898). Subrecipient shall not undertake any project having the potential to impact EHP resources without the prior approval of AZDOHS/FEMA, including but not limited to communications towers, physical security enhancements, new construction, and modifications to buildings that are 50 years old or greater. Subrecipient must comply with all conditions placed on the project as the result of the EHP review. Any change to the approved project scope of work will require re-evaluation for compliance with these EHP requirements. If ground disturbing activities occur during project implementation, the subrecipient must ensure monitoring of ground disturbance and if any potential archeological resources are discovered, the subrecipient will immediately cease construction in that area and notify FEMA and the appropriate State Historic Preservation Office. Procurement and construction activities shall not be initiated prior to the full environmental and historic preservation review and approval.

Consultants/Trainers/Training Providers

Billings for consultants/trainers/training providers must include at a minimum: a description of services; dates of services; number of hours for services performed; rate charged for services; and, the total cost of services performed. Consultant/trainer/training provider costs must be within the prevailing rates; must be obtained under consistent treatment with the procurement policies of the subrecipient and 44 CFR Chapter 1, Part 13; and shall not exceed the maximum of \$450 per day per consultant/trainer/training provider unless prior written approval is granted by the AZDOHS. In addition to the per day \$450 maximum amount, the consultant/trainer/training provider may be reimbursed reasonable travel, lodging, and per diem not to exceed the state rate. Itemized receipts are required for lodging and travel reimbursements. The subrecipient will

not be reimbursed costs other than travel, lodging, and per diem on travel days for consultants/trainers/training providers.

Contractors/Subcontractors

The subrecipient may enter into written subcontract(s) for performance of certain of its functions under the contract in accordance with terms established in the OMB Circulars, Code of Federal Regulations, DHS Guidance/FOA, and DHS Program Guidance. The subrecipient agrees and understands that no subcontract that the subrecipient enters into with respect to performance under this Agreement shall in any way relieve the subrecipient of any responsibilities for performance of its duties. The subrecipient shall give the AZDOHS immediate notice in writing by certified mail of any action or suit filed and prompt notice of any claim made against the subrecipient by any subcontractor or vendor which in the opinion of the subrecipient may result in litigation related in any way to the Agreement with the AZDOHS.

Personnel and Travel Costs

All grant funds expended for personnel, travel, lodging, and per diem must be consistent with the subrecipient's policies and procedures; and the State of Arizona Accounting Manual (SAAM); must be applied uniformly to both federally financed and other activities of the agency; and will be reimbursed at the most restrictive allowability and rate. At no time will the subrecipient's reimbursement(s) exceed the State rate established by the Arizona Department of Administration, General Accounting Office Travel Policies: www.gao.az.gov.

Procurement

The subrecipient shall comply with all internal agency procurement rules/policies and must also comply with Federal procurement rules/policies as outlined in section VII and all procurement must comply with Arizona State procurement code and rules. The Federal intent is that all Homeland Security Funds are awarded competitively. The subrecipient shall not enter into a Noncompetitive (Sole or Single Source) procurement agreement, unless prior written approval is granted by the AZDOHS. The Noncompetitive Procurement Request Form and instructions are located on the AZDOHS website, www.azdohs.gov/grants/.

Training and Exercise

The subrecipient agrees that any grant funds used for training and exercise must be in compliance with the applicable FOA. All training must be approved through the ADEM/AZDOHS training request process prior to execution of training contract(s). All exercises must utilize the FEMA Homeland Security Exercise and Evaluation Program (HSEEP) Toolkit for exercise design, development and scheduling. Subrecipient agrees to:

- a) Submit the HSEEP Toolkit Exercise Summary to AZDOHS with all Exercise Reimbursement Requests.
- b) Post all exercises, documentation and After Action Reports/Improvement Plans via the HSEEP Toolkit.
- c) Within 60 days of completion of an exercise, or as prescribed by the most recent HSEEP guidance, the exercise host subrecipient is required to upload the AAR/IP into the HSEEP Toolkit and email the AAR/IP to the local County Emergency Manager, the FEMA Region IX Exercise POC, HSEEP@dhs.gov, the AZDOHS Strategic Planner, and the Arizona Department of Emergency Management (ADEM) Exercise Officer.

Nonsupplanting Agreement

The subrecipient shall not use funds to supplant State or Local funds or other resources that would otherwise have been made available for this program/project. Further, if a position created by a grant is filled from within, the vacancy created by this action must be filled within thirty (30)

days. If the vacancy is not filled within thirty (30) days, the subrecipient must stop charging the grant for the new position. Upon filling the vacancy, the subrecipient may resume charging for the grant position.

E-Verify

Compliance requirements for A.R.S. § 41-4401—immigration laws and E-Verify requirement.

- a) The subrecipient warrants compliance with all Federal immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23-214, Subsection A. (That subsection reads: “After December 31, 2007, every employer, after hiring an employee, shall verify the employment eligibility of the employee through the E-Verify program).
- b) A breach of a warranty regarding compliance with immigration laws and regulations shall be deemed a material breach of the contract and the subrecipient may be subject to penalties up to and including termination of the Agreement.
- c) The AZDOHS retains the legal right to inspect the papers of any employee who works on the Agreement to ensure that the subrecipient is complying with the warranty under paragraph (a) above.

Property Control

Effective control and accountability must be maintained for all property. The subrecipient must adequately safeguard all such property and must assure that it is used for authorized purposes as described in the FOA, grant application, and Code of Federal Regulations (44 CFR 13.32). The subrecipient shall exercise caution in the use, maintenance, protection and preservation of such property.

- a) Equipment shall be used by the subrecipient in the program or project for which it was acquired as long as needed, whether or not the program or project continues to be supported by federal grant funds. Theft, destruction, or loss of property shall be reported to the AZDOHS immediately.
- b) Nonexpendable Property and Capital Assets:
 1. Nonexpendable Property is property which has a continuing use, is not consumed in use, is of a durable nature with an expected service life of one or more years, has an acquisition cost of \$300 (Three Hundred Dollars) or more, and does not become a fixture or lose its identity as a component of other equipment or systems.
 2. A Capital Asset is any personal or real property, or fixture that has an acquisition cost of \$5,000 (Five Thousand Dollars) or more per unit and a useful life of more than one year.
- c) A Property Control Form (if applicable) shall be maintained for the entire scope of the program or project for which property was acquired through the end of its useful life and/or disposition. All Nonexpendable Property and Capital Assets must be included on the Property Control Form. The subrecipient shall provide AZDOHS a copy of the Property Control Form with the final quarterly programmatic report. A Property Control Form can be located at www.azdohs.gov/Grants/. The subrecipient agrees to be subject to equipment monitoring and auditing by state or federal authorized representatives to verify information.
- d) A physical inventory of the Nonexpendable Property and Capital Assets must be taken and the results reconciled with the Property Control Form at least once every two years.
 1. A control system must be developed to ensure adequate safeguards to prevent loss,

damage, or theft of the property. Any loss, damage, or theft shall be investigated and reported to AZDOHS.

2. Adequate maintenance procedures must be developed to keep the property in good condition.

- e) When Nonexpendable Property and/or Capital Assets are no longer in operational use by the subgrantee, an updated Property Control Form must be submitted to AZDOHS immediately. The disposition of equipment shall be in compliance with the AZDOHS Disposition Guidance. If the subgrantee is requesting disposition of Capital Assets for reasons other than theft, destruction, or loss, the subgrantee must submit an Equipment Disposition Request Form and receive approval prior to the disposition. The Equipment Disposition Request Form can be found at www.azdohs.gov/Grants/.

Allowable Costs

The allowability of costs incurred under this agreement shall be determined in accordance with the general principles of allowability and standards for selected cost items as set forth in the applicable OMB Circulars, Code of Federal Regulations, authorized equipment lists and guidance documents referenced above.

- a) The subrecipient agrees that grant funds are not to be expended for any indirect costs that may be incurred by the subrecipient for administering these funds.
- b) The subrecipient agrees that grant funds are not to be expended for any Management and Administrative (M&A) costs that may be incurred by the subrecipient for administering these funds unless explicitly applied for and approved in writing by the AZDOHS and shall be in compliance with the applicable FOA.

VIII. DEBARMENT CERTIFICATION

The subrecipient agrees to comply with the Federal Debarment and Suspension regulations as outlined in the "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion – Lower Tier Covered Transactions."

IX. FUNDS MANAGEMENT

The subrecipient must maintain funds received under this Agreement in separate ledger accounts and cannot mix these funds with other sources. The subrecipient must manage funds according to applicable Federal regulations for administrative requirements, costs principles, and audits. The subrecipient must maintain adequate business systems to comply with Federal requirements. The business systems that must be maintained are:

- Financial Management
- Procurement
- Personnel
- Property
- Travel

A system is adequate if it is 1) written; 2) consistently followed – it applies in all similar circumstances; and 3) consistently applied – it applies to all sources of funds.

X. REPORTING REQUIREMENTS

Regular reports by the subrecipient shall include:

- a) Programmatic Reports
- The subrecipient shall provide quarterly programmatic reports to the AZDOHS within fifteen (15) working days of the last day of the quarter in which services are provided. The subrecipient shall use the form provided by the AZDOHS to submit quarterly programmatic reports. The report shall contain such information as deemed necessary by the AZDOHS.

The subrecipient shall use the Quarterly Programmatic Report form, which is posted at www.azdohs.gov/Grants/. If the scope of the project has been fully completed and implemented, and there will be no further updates, then the quarterly programmatic report for the quarter in which the project was completed will be sufficient as the final report. The report should be marked as final and should be inclusive of all necessary and pertinent information regarding the project as deemed necessary by the AZDOHS. Quarterly programmatic reports shall be submitted to the AZDOHS until the entire scope of the project is completed

- b) Quarterly Programmatic Reports are due:
 - January 15** (period October 1– December 31)
 - April 15** (period January 1 – March 31)
 - July 15** (period April 1 – June 30)
 - October 15** (period July 1 – September 30)

- c) Final Quarterly Report:

The final quarterly report is due no more than fifteen (15) days after the end of the performance period. The Property Control Form and Grant Funded Typed Resource Report are due with the final quarterly report (if applicable).

- d) Property Control Form – if applicable:

The subrecipient shall provide AZDOHS a copy of the Property Control Form with the final quarterly report.

 - a. In case of equipment disposition:

The Property Control Form shall be updated and a copy provided to AZDOHS no more than forty-five (45) calendar days after equipment disposition, if applicable. The disposition of equipment must be in compliance with the AZDOHS Disposition Guidance.

- e) The Grant Funded Typed Resource Report – if applicable:

The subrecipient shall email the AZDOHS Strategic Planner a copy of the Grant Funded Typed Resource Report with the final quarterly report. The Grant Funded Typed Resource Report and instructions are located at www.azdohs.gov/Grants/.

- f) Financial Reimbursements
The subrecipient shall provide as frequently as monthly but not less than quarterly requests for reimbursement. Reimbursements requests are only required when expenses have been incurred. Reimbursements shall be submitted with the Reimbursement Form provided by the AZDOHS staff. The subrecipient shall submit a final reimbursement for expenses received and invoiced prior to the end of the termination of this Agreement no more than **forty-five (45) calendar days** after the end of the Agreement. Requests for reimbursement received later than the forty-five (45) days after the Agreement termination will not be paid. The final reimbursement request as submitted shall be marked FINAL.

The AZDOHS requires that all requests for reimbursement are submitted via U.S. mail (United States Postal Service), FedEx, UPS, etc...or in person. Reimbursements submitted via fax or by any electronic means will not be accepted.

The AZDOHS reserves the right to request and/or require any supporting documentation it feels necessary in order to process reimbursements.

All reports shall be submitted to the contact person as described in Paragraph XL, NOTICES, of this Agreement.

XI. ASSIGNMENT AND DELEGATION

The subrecipient may not assign any rights hereunder without the express, prior written consent of both parties.

XII. AMENDMENTS

Any change in this Agreement including but not limited to the Description of Services and budget described herein, whether by modification or supplementation, must be accomplished by a formal Agreement amendment signed and approved by and between the duly authorized representative of the subrecipient and the AZDOHS. The AZDOHS shall have the right to immediately amend this Agreement so that it complies with any new legislation, laws, ordinances, or rules affecting this Agreement.

Any such amendment shall specify: 1) an effective date; 2) any increases or decreases in the amount of the subrecipient's compensation if applicable; 3) be titled as an "Amendment," and 4) be signed by the parties identified in the preceding sentence. The subrecipient expressly and explicitly understands and agrees that no other method of communication, including any other document, correspondence, act, or oral communication by or from any person, shall be used or construed as an amendment or modification or supplementation to this Agreement.

XIII. US DEPARTMENT OF HOMELAND SECURITY AGREEMENT ARTICLES

Article A – Acceptance of Post Award Changes

In the event FEMA determines that changes are necessary to the award document after an award has been made, including changes to period of performance or terms and conditions, recipients will be notified of the changes in writing. Once notification has been made, any subsequent request for funds will indicate recipient acceptance of the changes to the award.

Article B - Compliance with Funding Opportunity Announcement

The recipient agrees that all allocations and use of funds under this grant will be in accordance with the applicable FOA.

Article C - DHS Specific Acknowledgements and Assurances

All recipients of financial assistance must acknowledge and agree—and require any sub-recipients, contractors, successors, transferees, and assignees acknowledge and agree—to comply with applicable provisions governing DHS access to records, accounts, documents, information, facilities, and staff.

1. Recipients must cooperate with any compliance review or complaint investigation conducted by DHS.
2. Recipients must give DHS access to and the right to examine and copy records, accounts, and other documents and sources of information related to the grant and permit access to facilities, personnel, and other individuals and information as may be necessary, as required by DHS regulations and other applicable laws or program guidance.
3. Recipients must submit timely, complete, and accurate reports to the appropriate DHS officials and maintain appropriate backup documentation to support the reports.
4. Recipients must comply with all other special reporting, data collection, and evaluation requirements, as prescribed by law or detailed in program guidance.
5. If, during the past three years, the recipient has been accused of discrimination on the grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status, the recipient must provide a list of all such proceedings,

pending or completed, including outcome and copies of settlement agreements to the DHS awarding office and the DHS Office of Civil Rights and Civil Liberties.

6. In the event any court or administrative agency makes a finding of discrimination on grounds of race, color, national origin (including limited English proficiency), sex, age, disability, religion, or familial status against the recipient, or the recipient settles a case or matter alleging such discrimination, recipients must forward a copy of the complaint and findings to the DHS Component and/or awarding office.

The United States has the right to seek judicial enforcement of these obligations.

Article D - Use of DHS Seal, Logo and Flags

All recipients must obtain DHS's approval prior to using the DHS seal(s), logos, crests or reproductions of flags or likenesses of DHS agency officials, including use of the United States Coast Guard seal, logo, crests or reproductions of flags or likenesses of Coast Guard officials.

Article E - USA Patriot Act of 2001

All recipients must comply with the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act), which amends 18 U.S.C. §§ 175–175c. Among other things, the USA PATRIOT Act prescribes criminal penalties for possession of any biological agent, toxin, or delivery system of a type or in a quantity that is not reasonably justified by a prophylactic, protective, bona fide research, or other peaceful purpose.

Article F - Trafficking Victims Protection Act of 2000

All recipients of financial assistance will comply with the requirements of the government-wide award term which implements Section 106(g) of the Trafficking Victims Protection Act (TVPA) of 2000, as amended (22 U.S.C. § 7104), located at 2 CFR Part 175. This is implemented in accordance with OMB Interim Final Guidance, Federal Register, Volume 72, No. 218, November 13, 2007.

In accordance with the statutory requirement, in each agency award under which funding is provided to a private entity, Section 106(g) of the TVPA, as amended, requires the agency to include a condition that authorizes the agency to terminate the award, without penalty, if the recipient or a subrecipient —

1. Engages in severe forms of trafficking in persons during the period of time that the award is in effect;
2. Procures a commercial sex act during the period of time that the award is in effect; or
3. Uses forced labor in the performance of the award or subawards under the award.

Full text of the award term is provided at 2 CFR § 175.15.

Article G - Non-supplanting Requirement

All recipients must ensure that Federal funds do not replace (supplant) funds that have been budgeted for the same purpose through non-Federal sources. Applicants or award recipients may be required to demonstrate and document that a reduction in non-Federal resources occurred for reasons other than the receipt of expected receipt of Federal funds.

Article H - Lobbying Prohibitions

All recipients must comply with 31 U.S.C. § 1352, which provides that none of the funds provided under an award may be expended by the recipient to pay any person to influence, or attempt to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any Federal action concerning the award or renewal.

Article I - Hotel and Motel Fire Safety Act of 1990

In accordance with Section 6 of the Hotel and Motel Fire Safety Act of 1990, 15 U.S.C. §2225(a), all recipients must ensure that all conference, meeting, convention, or training space funded in whole or in part with Federal funds complies with the fire prevention and control guidelines of the Federal Fire Prevention and Control Act of 1974, 15 U.S.C. §2225.

Article J - Fly America Act of 1974

All recipients must comply with Preference for U.S. Flag Air Carriers: Travel supported by U.S. Government funds requirement, which states preference for the use of U.S. flag air carriers (air carriers holding certificates under 49 U.S.C. §41102) for international air transportation of people and property to the extent that such service is available, in accordance with the International Air Transportation Fair Competitive Practices Act of 1974 (49 U.S.C. § 40118) and the interpretative guidelines issued by the Comptroller General of the United States in the March 31, 1981, amendment to Comptroller General Decision B138942.

Article K - Federal Debt Status

All recipients are required to be non-delinquent in their repayment of any Federal debt. Examples of relevant debt include delinquent payroll and other taxes, audit disallowances, and benefit overpayments. See OMB Circular A-129 and form SF-424, item number 17 for additional information and guidance.

Article L - False Claims Act and Program Fraud Civil Remedies

All recipients must comply with the requirements of 31 U.S.C. § 3729 which set forth that no recipient of federal payments shall submit a false claim for payment. See also 38 U.S.C. § 3801-3812 which details the administrative remedies for false claims and statements made.

Article M - Duplication of Benefits

State, Local and Tribal recipients must comply with 2 CFR Part §225, Appendix A, paragraph (C)(3)(c), which provides that any cost allocable to a particular Federal award or cost objective under the principles provided for in this authority may not be charged to other Federal awards to overcome fund deficiencies.

Article N - Drug-Free Workplace Regulations

All recipients must comply with the Drug-Free Workplace Act of 1988 (412 U.S.C. § 701 et seq.), which requires that all organizations receiving grants from any Federal agency agree to maintain a drug-free workplace. These regulations are codified at 2 CFR 3001.

Article O - Debarment and Suspension

All recipients must comply with Executive Orders 12549 and 12689, which provide protection against waste, fraud, and abuse by debarment or suspending those persons deemed irresponsible in their dealings with the Federal government.

Article P - Copyright

All recipients must affix the applicable copyright notices of 17 U.S.C. § 401 or 402 and an acknowledgement of Government sponsorship (including award number) to any work first

produced under Federal financial assistance awards, unless the work includes any information that is otherwise controlled by the Government (e.g., classified information or other information subject to national security or export control laws or regulations).

Article Q - Best Practices for Collection and Use of Personally Identifiable Information (PII)

All award recipients who collect PII are required to have a publicly-available privacy policy that describes what PII they collect, how they use the PII, whether they share PII with third parties, and how individuals may have their PII corrected where appropriate. Award recipients may also find as a useful resource the DHS Privacy Impact Assessments guidance and template located at:

http://www.dhs.gov/xlibrary/assets/privacy/privacy_pia_guidance_june2010.pdf

and

http://www.dhs.gov/xlibrary/assets/privacy/privacy_pia_template.pdf, respectively.

Article R - Activities Conducted Abroad

All recipients must ensure that project activities carried on outside the United States are coordinated as necessary with appropriate government authorities and that appropriate licenses, permits, or approvals are obtained.

Article S - Acknowledgement of Federal Funding from DHS

All recipients must acknowledge their use of federal funding when issuing statements, press releases, requests for proposals, bid invitations, and other documents describing projects or programs funded in whole or in part with Federal funds.

Article T - Assurances, Administrative Requirements and Cost Principles

Recipients of DHS federal financial assistance must complete OMB Standard Form 424B Assurances – Non-Construction Programs. Certain assurances in this form may not be applicable to your project or program, and the awarding agency may require applicants to certify to additional assurances. Please contact the program awarding office if you have any questions.

The administrative requirements that apply to DHS award recipients originate from two sources:

- Office of Management and Budget (OMB) Circular A-102, Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (also known as the “A-102 Common Rule”). These A-102 requirements are also located within DHS regulations at Title 44, Code of Federal Regulations (CFR) Part 13.
- OMB Circular A-110, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations, relocated to 2 CFR Part 215.

The cost principles that apply to DHS award recipients through a grant or cooperative agreement originate from one of the following sources:

- OMB Circular A-21, Cost Principles for Educational Institutions, relocated to 2 CFR Part 220.
- OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, relocated to 2 CFR Part 225.
- OMB Circular A-122, Cost Principles for Non-Profit Organizations, relocated to 2 CFR Part 230.

The audit requirements for State, Local and Tribal recipients of DHS awards originate from:

- OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations.

Article U - Age Discrimination Act of 1975

All recipients must comply with the requirements of the Age Discrimination Act of 1975 (42 U.S.C. § 6101 et seq.), which prohibits discrimination on the basis of age in any program or activity receiving Federal financial assistance.

Article V - Americans with Disabilities Act of 1990

All recipients must comply with the requirements of Titles I, II, and III of the Americans with Disabilities Act, which prohibits recipients from discriminating on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12101–12213).

Article W - Title VI of the Civil Rights Act of 1964

All recipients must comply with the requirements of Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq.), codified at 6 CFR Part 21 and 44 CFR Part 7, which provides that no person in the United States will, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance.

Article X - Civil Rights Act of 1968

All recipients must comply with Title VIII of the Civil Rights Act of 1968, which prohibits recipients from discriminating in the sale, rental, financing, and advertising of dwellings, or in the provision of services in connection therewith, on the basis of race, color, national origin, religion, disability, familial status, and sex (42 U.S.C. § 3601 et seq.), as implemented by the Department of Housing and Urban Development at 24 CFR Part 100. The prohibition on disability discrimination includes the requirement that new multifamily housing with four or more dwelling units—i.e., the public and common use areas and individual apartment units (all units in buildings with elevators and ground-floor units in buildings without elevators)—be designed and constructed with certain accessible features (see 24 CFR § 100.201).

Article Y - Limited English Proficiency (Civil Rights Act of 1964, Title VI)

All recipients must comply with the Title VI of the Civil Rights Act of 1964 (Title VI) prohibition against discrimination on the basis of national origin, which requires that recipients of federal financial assistance take reasonable steps to provide meaningful access to persons with limited English proficiency (LEP) to their programs and services. Providing meaningful access for persons with LEP may entail providing language assistance services, including oral interpretation and written translation. In order to facilitate compliance with Title VI, recipients are encouraged to consider the need for language services for LEP persons served or encountered in developing program budgets. Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency (August 11, 2000), requires federal agencies to issue guidance to recipients, assisting such organizations and entities in understanding their language access obligations. DHS published the required recipient guidance in April 2011, DHS Guidance to Federal Financial Assistance Recipients Regarding Title VI Prohibition Against National Origin Discrimination Affecting Limited English Proficient Persons, 76 Fed. Reg. 21755-21768, (April 18, 2011). The Guidance provides helpful information such as how a recipient can determine the extent of its obligation to provide language services; selecting language services; and elements of an effective plan on language assistance for LEP persons. For additional assistance and information regarding language access obligations, please refer to the DHS Recipient Guidance <https://www.dhs.gov/guidance-published-help-department-supported-organizations-provide-meaningful-access-people-limited> and additional resources on <http://www.lep.gov>.

Article Z - SAFECOM

Recipients who receive awards made under programs that provide emergency communication equipment and its related activities must comply with the SAFECOM Guidance for Emergency Communication Grants, including provisions on technical standards that ensure and enhance interoperable communications.

Article AA - Title IX of the Education Amendments of 1975 (Equal Opportunity in Education Act)

All recipients must comply with the requirements of Title IX of the Education Amendments of 1972 (20 U.S.C. § 1681 et seq.), which provides that no person in the United States will, on the basis of sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any educational program or activity receiving Federal financial assistance.

These regulations are codified at 6 CFR Part 17 and 44 CFR Part 19.

Article AB - Rehabilitation Act of 1973

All recipients of must comply with the requirements of Section 504 of the Rehabilitation Act of 1973, 29 U.S.C. § 794, as amended, which provides that no otherwise qualified handicapped individual in the United States will, solely by reason of the handicap, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. These requirements pertain to the provision of benefits or services as well as to employment.

XIV. OFFSHORE PERFORMANCE OF WORK PROHIBITED

Due to security and identity protection concerns, all services under this Agreement shall be performed within the borders of the United States. All storage and processing of information shall be performed within the borders of the United States. This provision applies to work performed by subcontractors at all tiers.

XV. AGREEMENT RENEWAL

This Agreement shall not bind nor purport to bind the AZDOHS for any contractual commitment in excess of the original Agreement period.

XVI. RIGHT TO ASSURANCE

If the AZDOHS in good faith has reason to believe that the subrecipient does not intend to, or is unable to perform or continue performing under this Agreement, the AZDOHS may demand in writing that the subrecipient give a written assurance of intent to perform. If the subrecipient fails to provide written assurance within the number of days specified in the demand, the AZDOHS at its option may terminate this Agreement.

XVII. CANCELLATION FOR CONFLICT OF INTEREST

The AZDOHS may, by written notice to the subrecipient, immediately cancel this Agreement without penalty or further obligation pursuant to A.R.S. § 38-511 if any person significantly involved in initiating, negotiating, securing, drafting, or creating the Agreement on behalf of the State or its subdivisions (unit of Local Government) is an employee or agent of any other party in any capacity or a consultant to any other party to the Agreement with respect to the subject matter of the Agreement. Such cancellation shall be effective when the parties to the Agreement receive written notice from the AZDOHS, unless the notice specifies a later time.

XVIII. THIRD PARTY ANTITRUST VIOLATIONS

The subrecipient assigns the State of Arizona any claim for overcharges resulting from antitrust violations to the extent that such violations concern materials or services supplied by third parties to subrecipient toward fulfillment of this Agreement.

XIX. AVAILABILITY OF FUNDS

Every payment obligation of the AZDOHS under this Agreement is conditioned upon the availability of funds appropriated or allocated for the payment of such obligations. If the funds are not allocated and available for the continuance of this Agreement, the AZDOHS may terminate this Agreement at the end of the period for which funds are available. No liability shall accrue to the AZDOHS in the event this provision is exercised, and the AZDOHS shall not be obligated or liable for any future payments or for any damages as a result of termination under this paragraph, including purchases and/or contracts entered into by the subrecipient in the execution of this Agreement.

XX. FORCE MAJEURE

If either party hereto is delayed or prevented from the performance of any act required in this Agreement by reason of acts of God, strikes, lockouts, labor disputes, civil disorder, or other causes without fault and beyond the control of the party obligated, performance of such act will be excused for the period of the delay.

XXI. PARTIAL INVALIDITY

Any term or provision of this Agreement that is hereafter declared contrary to any current or future law, order, regulation, or rule, or which is otherwise invalid, shall be deemed stricken from this Agreement without impairing the validity of the remainder of this Agreement.

XXII. ARBITRATION

In the event of any dispute arising under this Agreement, written notice of the dispute must be provided to the other party within thirty (30) days of the events giving the rise to the dispute. The subrecipient agrees to terms specified in A.R.S. § 12-1518.

XXIII. GOVERNING LAW AND CONTRACT INTERPRETATION

- a) This Agreement shall be governed and interpreted in accordance with the laws of the State of Arizona.
- b) This Agreement is intended by the parties as a final and complete expression of their agreement. No course of prior dealings between the parties and no usage of the trade shall supplement or explain any terms in this document.
- c) Either party's failure to insist on strict performance of any term or condition of the Agreement shall not be deemed a waiver of that term or condition even if the party accepting or acquiescing in the nonconforming performance knows of the nature of the performance and fails to object.

XXIV. ENTIRE AGREEMENT

This Agreement and its Exhibits constitute the entire Agreement between the parties hereto pertaining to the subject matter hereof and may not be changed or added to except by a writing signed by all parties hereto in conformity with Paragraph XII, AMENDMENTS. The subrecipient agrees to comply with any such amendment within ten (10) business days of receipt of a fully executed amendment. All prior and contemporaneous agreements, representations, and understandings of the parties, oral, written, pertaining to the subject matter hereof, are hereby superseded or merged herein.

XXV. RESTRICTIONS ON LOBBYING

The subrecipient shall not use funds made available to it under this Agreement to pay for, influence, or seek to influence any officer or employee of a State or Federal government.

XXVI. LICENSING

The subrecipient, unless otherwise exempted by law, shall obtain and maintain all licenses, permits, and authority necessary to perform those acts it is obligated to perform under this Agreement.

XXVII. NON-DISCRIMINATION

The subrecipient shall comply with all State and Federal equal opportunity and non-discrimination requirements and conditions of employment, including the Americans with Disabilities Act, in accordance with A.R.S. title 41, Chapter 9, Article 4 and Executive Order 2009-09.

XXVIII. SECTARIAN REQUESTS

Funds disbursed pursuant to this Agreement may not be expended for any sectarian purpose or activity, including sectarian worship or instruction in violation of the United States or Arizona Constitutions.

XXIX. SEVERABILITY

The provisions of this Agreement are severable. Any term or condition deemed illegal or invalid shall not affect any other term or condition of the Agreement.

XXX. ADVERTISING AND PROMOTION OF AGREEMENT

The subrecipient shall not advertise or publish information for commercial benefit concerning this Agreement without the written approval of the AZDOHS.

XXXI. OWNERSHIP OF INFORMATION, PRINTED AND PUBLISHED MATERIAL

The AZDOHS reserves the right to review and approve any publications funded or partially funded through this Agreement. All publications funded or partially funded through this Agreement shall recognize the AZDOHS and the U.S. Department of Homeland Security. The U.S. Department of Homeland Security and the AZDOHS shall have full and complete rights to reproduce, duplicate, disclose, perform, and otherwise use all materials prepared under this Agreement.

The subrecipient agrees that any report, printed matter, or publication (written, visual, or sound, but excluding press releases, newsletters, and issue analyses) issued by the subrecipient describing programs or projects funded in whole or in part with Federal funds shall contain the following statement:

"This document was prepared under a grant from U.S. Department of Homeland Security. Points of view or opinions expressed in this document are those of the authors and do not necessarily represent the official position or policies of the U.S. Department of Homeland Security."

The subrecipient also agrees that one copy of any such publication, report, printed matter, or publication shall be submitted to the AZDOHS to be placed on file and distributed as appropriate to other potential subrecipients or interested parties. The AZDOHS may waive the requirement for submission of any specific publication upon submission of a request providing justification from the subrecipient.

The AZDOHS and the subrecipient recognize that research resulting from this Agreement has the potential to become public information. However, prior to the termination of this Agreement, the subrecipient agrees that no research-based data resulting from this Agreement shall be published or otherwise distributed in any form without express written permission from the AZDOHS and possibly the U.S. Department of Homeland Security. It is also agreed that any report or printed

matter completed as a part of this agreement is a work for hire and shall not be copyrighted by the subrecipient.

XXXII. CLOSED-CAPTIONING OF PUBLIC SERVICE ANNOUNCEMENTS

Any television public service announcement that is produced or funded in whole or in part by the subrecipient shall include closed captioning of the verbal content of such announcement.

XXXIII. INDEMNIFICATION

Each party (as "Indemnitor") agrees to defend, indemnify, 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. The State of Arizona, (State Agency) is self-insured per A.R.S. 41-621.

In addition, should subrecipient utilize a contractor(s) and subcontractor(s) the indemnification clause between subrecipient and contractor(s) and subcontractor(s) shall include the following:

Contractor shall defend, indemnify, and hold harmless the (insert name of other governmental entity) and the State of Arizona, and any jurisdiction or agency issuing any permits for any work arising out of this Agreement, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees (hereinafter referred to as "Indemnitee") from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) (hereinafter referred to as "Claims") for bodily injury or personal injury (including death), or loss or damage to tangible or intangible property caused, or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the contractor or any of the directors, officers, agents, or employees or subcontractors of such contractor. This indemnity includes any claim or amount arising out of or recovered under the Workers' Compensation Law or arising out of the failure of such contractor to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee shall, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by such contractor from and against any and all claims. It is agreed that such contractor will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. Additionally on all applicable insurance policies, contractor and its subcontractors shall name the State of Arizona, and its departments, agencies, boards, commissions, universities, officers, officials, agents, and employees as an additional insured and also include a waiver of subrogation in favor of the State.

XXXIV. TERMINATION

- a) All parties reserve the right to terminate the Agreement in whole or in part due to the failure of the subrecipient or the grantor to comply with any term or condition of the Agreement, to acquire and maintain all required insurance policies, bonds, licenses, and permits or to make satisfactory progress in performing the Agreement. The staff of either party shall provide a written thirty (30) day advance notice of the termination and the reasons for it.
- b) If the subrecipient chooses to terminate the contract before the grant deliverables have been met then the AZDOHS reserves the right to collect all reimbursements distributed to the subrecipient.
- c) The AZDOHS may, upon termination of this Agreement, procure, on terms and in the manner that it deems appropriate, materials or services to replace those under this Agreement. The

subrecipient shall be liable to the AZDOHS for any excess costs incurred by the AZDOHS in procuring materials or services in substitution for those due from the subrecipient.

XXXV. CONTINUATION OF PERFORMANCE THROUGH TERMINATION

The subrecipient shall continue to perform, in accordance with the requirements of the Agreement, up to the date of termination, as directed in the termination notice.

XXXVI. PARAGRAPH HEADINGS

The paragraph headings in this Agreement are for convenience of reference only and do not define, limit, enlarge, or otherwise affect the scope, construction, or interpretation of this Agreement or any of its provisions.

XXXVII. COUNTERPARTS

This Agreement may be executed in any number of counterparts, copies, or duplicate originals. Each such counterpart, copy, or duplicate original shall be deemed an original, and collectively they shall constitute one agreement.

XXXVIII. AUTHORITY TO EXECUTE THIS AGREEMENT

Each individual executing this Agreement on behalf of the subrecipient represents and warrants that he or she is duly authorized to execute this Agreement.

XXXIX. SPECIAL CONDITIONS

- a) The subrecipient must comply with the most recent version of the Administrative Requirements, Cost Principles, and Audit requirements
- b) The subrecipient acknowledges that the U.S. Department of Homeland Security and the AZDOHS reserve a royalty-free, non-exclusive, and irrevocable license to reproduce, publish, or otherwise use, and authorize others to use, for Federal government purposes: (a) the copyright in any work developed under an award or sub-award; and (2) any rights of copyright to which a subrecipient purchases ownership with Federal support. The subrecipient shall consult with the AZDOHS regarding the allocation of any patent rights that arise from, or are purchased with, this funding.
- c) The subrecipient agrees that, when practicable, any equipment purchased with grant funding shall be prominently marked as follows: **"Purchased with funds provided by the U.S. Department of Homeland Security."**
- d) The subrecipient agrees to cooperate with any assessments, state/national evaluation efforts, or information or data collection requests, including, but not limited to, the provision of any information required for the assessment or evaluation of any activities within this agreement.
- e) The subrecipient is prohibited from transferring funds between programs (State Homeland Security Program, Urban Area Security Initiative, Citizen Corps Program, Operation Stonegarden, and Metropolitan Medical Response System).

XL. NOTICES

Any and all notices, requests, demands, or communications by either party to this Agreement, pursuant to or in connection with this Agreement shall be in writing, be delivered in person, or shall be sent to the respective parties at the following addresses:

Arizona Department of Homeland Security
1700 West Washington Street, Suite 210
Phoenix, AZ 85007

The subrecipient shall address all programmatic and reimbursement notices relative to this Agreement to the appropriate AZDOHS staff; contact information at www.azdohs.gov.

The AZDOHS shall address all notices relative to this Agreement to:

Enter Title, First & Last Name above

Enter Agency Name above

Enter Street Address

Enter City, State, ZIP

XLI. IN WITNESS WHEREOF

The parties hereto agree to execute this Agreement.

FOR AND BEHALF OF THE

Enter Agency Name above

Authorized Signature above

Print Name & Title above

Enter Date above

FOR AND BEHALF OF THE

Arizona Department of Homeland Security

Gilbert M. Orrantia
Director

Date

(Please be sure to complete and mail two original documents to the Arizona Department of Homeland Security.)

Attest:

Julie K. Bower, Town Clerk

Approved as to form:

Tobin Sidles, Legal Services Director



Town Council Regular Session

Item # **E.**

Meeting Date: 01/07/2015
Submitted By: Chris Cornelison, Town Manager's Office
Department: Town Manager's Office

Information

SUBJECT:

Resolution No. (R)15-04, approving the annual Legislative Agenda of the Town and protocols guiding the Town's priorities for the upcoming legislative session and any lobbying activities

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

Each year, the Town Council approves a general Town of Oro Valley Legislative Agenda covering state and federal issues. This agenda identifies the recommended legislative priorities of the Town in the upcoming state legislative session and will guide the Town's requests and lobbying activities.

Although the Legislative Agenda should remain flexible due to the unknown nature of bills introduced in the State Legislature, the general concepts and direction are provided here for your discussion and approval. More specific information can be provided, as desired and necessary, after bills are actually introduced. The issues discussed in this report are based on the needs of the Town and what is known about anticipated legislation.

Town staff and the Council legislative liaison, Councilmember Joe Hornat, will work closely throughout the legislative session in addressing a variety of issues and bills that may arise.

BACKGROUND OR DETAILED INFORMATION:

Town staff and the Council liaison, currently Councilmember Joe Hornat, will work closely throughout the legislative session in addressing a variety of issues and bills that may arise.

Council Policy

In 2008, the Town Council established protocol for the legislative efforts of the Town by approving the general Legislative Agenda through a resolution and adoption of a Council Communication that describes specific components of the legislative program. A basic principle in any lobbying effort is to speak with one voice, so this resolution establishes guidelines for those who represent the Town. A summary of the elements of the 2015 Legislative Agenda pertaining to the State Legislature is included as Attachment 2.

For state legislative efforts, the Council uses staff and designates a Councilmember as Council Liaison to Legislative Districts 9 and 11. The Mayor also frequently interacts with other elected officials at all levels of government during the course of his duties and works with staff in ensuring any legislative efforts regionally, statewide or federally are coordinated in accordance with the Council-adopted agenda.

League of Arizona Cities and Towns

The Town's intergovernmental liaison works closely with the League of Arizona Cities and Towns,

specifically regarding state legislative issues with a strength-in-numbers approach to common interest legislation. The state legislative agenda is developed through involvement in the League resolutions process. The Mayor represents the Town of Oro Valley as a voting member of the Resolutions Committee, which is comprised of mayors from all Arizona municipalities. The adopted League resolutions, included as Attachment 3, represent the mutual interests of Arizona cities and towns, and will guide the League in its lobbying efforts on behalf of all cities and towns in the state.

The 52nd State Legislature

The complete list of members of the 52nd Legislature is included as Attachment 4. Staff will also provide members of the Council with an updated version of "The Green Book," the Arizona Capitol Times guide to the Legislature, as soon as it becomes available.

State Legislative Calendar / Process

The Legislature typically operates on a 100-day calendar; however, the Governor also has the authority to call the Legislature into session to address specific issues. The 1st Regular Session of the 52nd Legislature begins Monday, January 12, 2015. Furthermore, the Legislature typically conducts business Monday through Thursday. The target date for the end of the regular session is Tuesday, April 21, 2015.

Over one-thousand bills are introduced in the Legislature each session. In the Senate, all bills must be introduced within three weeks of the start of the session, and in the House, bills must be introduced within four weeks. As a result, all bills will be introduced prior to February 9, 2015, although there are provisions that allow members to submit bill amendments throughout the session, which effectively means that a bill with co-sponsors can be introduced at any time during the regular session.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (adopt or deny) Resolution No. (R)15-04, approving the annual Legislative Agenda of the Town and protocols guiding the Town's priorities for the upcoming Legislative Session and any lobbying activities.

Attachments

(R)15-04 Annual Legislative Agenda

Legislative Agenda Summary

League Resolutions

52nd Legislature

RESOLUTION NO. (R)15-04

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, APPROVING THE ANNUAL LEGISLATIVE AGENDA OF THE TOWN AND PROTOCOLS GUIDING THE TOWN'S PRIORITIES FOR THE UPCOMING LEGISLATIVE SESSION AND ANY LOBBYING ACTIVITIES

WHEREAS, a major objective of the Town Council is to adopt an aggressive legislative program which strengthens local government, promotes Town goals and defends the Town against legislative actions by State and Federal governments that would weaken local government and/or take away traditional revenue sources; and

WHEREAS, it is vital to the fiscal health and the self determination of the Town to effectively communicate with State Legislators and Federal representatives in order to favorably influence State and Federal legislation, regulations and grant requests; and

WHEREAS, actions taken by the Pima County Board of Supervisors have a direct impact upon the quality of life in Oro Valley, and it is imperative that the Town maintain quality communications with Pima County; and

WHEREAS, the League of Arizona Cities and Towns conducts a legislative analysis and advocacy program on behalf of cities and towns for State issues, which is governed annually by the League resolutions process adopted by cities around the state at the annual conference each fall; and

WHEREAS, the Town desires to be proactive and involved in governmental decision making processes directly affecting the Town legislative priorities identified in the Council Communication dated January 7, 2015, and the League of Arizona Cities and Towns legislative priorities identified in Exhibit "A," and other selected issues as may from time to time be recommended by the League of Arizona Cities and Towns; and

WHEREAS, a key component of the Town's legislative program is face to face meetings between Town representatives and elected officials at the Federal, State and County levels, and coordination with similar efforts made by other regional and local entities such as the Pima Association of Governments (PAG), and Tucson Regional Economic Opportunities, Inc. (TREO).

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the Town of Oro Valley, Arizona that the Town Council of Oro Valley does hereby establish the Legislative Agenda for 2015, as set forth in the Council Communication dated January 7, 2015, and authorizes staff to take positions on legislation generally consistent with the Legislative Agenda and such other resolutions and recommendations that from time to time may be presented to the Town.

BE IT FURTHER RESOLVED that Town staff is directed to schedule meetings, as appropriate and convenient, with our congressional, state, county and other local officials to discuss and promote the Town's legislative program, and to continue efforts to improve communications and relationships with the Pima County Board of Supervisors and cities around the state to further our interests in land use, water, transportation, economic development, and public services to our residents.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 7th day of January, 2015.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”

2015 Legislative Agenda Summary

The following paragraphs provide a summary of key elements of the 2015 Legislative Agenda. Although the legislative agenda should remain flexible due to the unknown nature of bills introduced in the State Legislature, the general concepts and direction are provided here for your discussion and approval.

Local Control

Decentralized government at the local level represents a fundamental principle of American democracy, recognizing that when it comes to community governance, one size does not fit all. It is in the Town's best interest to preserve its own local control on issues that affect its citizens and therefore, the Town will endorse legislation that supports and sustains this principle and oppose legislation that conflicts with the autonomy of cities and towns.

State Shared Revenues, Highway User Revenue Fund (HURF) & Transaction Privilege Tax Reform

Possible reductions in state-shared revenues remain a major concern for cities and towns. The revenue sharing system was created through the voter initiative process in order to allow local jurisdictions to fund essential services such as public safety and infrastructure without interference from the State. Protection of the revenue sharing system that has been in place since 1972 is a core principle of the League of Arizona Cities and Towns, and remains a top priority of the Town's legislative agenda.

Last year, the Legislature passed SB 1487 (revenue; budget reconciliation; 2014-2015), which authorized the allocation of \$30M for FY 2014/15, \$30M for FY 2015/16 and \$60M for FY 2016/17 to the HURF utilizing a calculation set forth within the statute. Since cities and towns have experienced significant reductions in the HURF during previous legislative sessions, it is a concern that the revenues authorized within SB 1487 will be discontinued due to the State's current budget deficit projections. As a result, the Town supports legislative efforts to restore or maintain HURF funding and identify permanent, designated funding sources for transportation infrastructure and transit that do not impact other state-shared revenues.

In 2013, the 51st Legislature passed HB 2111 (investments; public monies), which included a number of provisions reforming the transaction privilege tax system. The final version of the bill generally reflects negotiated compromises regarding TPT administration and auditing, and keeps in place the 65% tax on prime contracting, except as it applies to service contractors (plumbers, HVAC technicians, etc.). However, the Legislature will review and clean-up the verbiage of this law during the upcoming session, so the Town will continue to monitor the situation, as we do not support further efforts that result in a decrease of construction sales tax revenue for municipalities.

Education & Economic Development

Although the Town is not directly involved in education issues, public education is important to the long-term health and vitality of our community, and is a fundamental component of economic development. The University of Arizona, Pima Community College, Amphitheater School District, and public charter schools provide the foundation for our future success. The Town does not support efforts to reduce funding for public education.

Economic development that creates high-wage jobs and builds on our success as a hub for high-tech and bio-medical research, development and manufacturing is a top priority of the Town. The Town supports state economic development efforts through the Arizona Commerce Authority and efforts to develop the film industry through a tax incentive program.

With statewide growing interest in developing Interstate 11 as a major transportation route between Mexico and Canada, the Town supports the passage of legislation or engagement in other activities that support and advocate for resources to improve Arizona's ports of entry with Mexico and related infrastructure. However, the Town's top priority is for the southern extension of I-11 to be aligned through the Tucson-metro area.

Annexation

State statutes regarding municipal annexation have become overly complex and are a barrier to regional development and fiscal sustainability. As a result, the Town supports reforms that remove barriers to

annexation and reduce the need for counties to provide municipal services such as public safety, roadway maintenance, and development services.

Because the state-shared revenue system is based on the population of incorporated areas, the Tucson metro areas loses out on tens of millions of dollars in sales tax, income tax and highway tax revenue each year. Sensible reforms that facilitate annexation of unincorporated areas and county islands by towns like Oro Valley, Marana and Sahuarita will result in enhanced services to residents and businesses and will bring additional state-shared revenue to the region. The Town supports reforms that remove barriers to annexation and reduce the need for counties to provide municipal services.

DRAFT

OVERVIEW

The League of Arizona Cities and Towns, a voluntary association of the 91 incorporated municipalities in Arizona, is governed by two core principles: to protect shared revenues and promote local decision-making authority.

PRESERVE LOCAL CONTROL

Decentralized government at the local level represents a fundamental principle of American democracy, recognizing that when it comes to community governance, one size does not fit all.

The League calls upon the Legislature to respect the authority of cities and towns to govern their communities in the best interests of their residents. The League will endorse legislation that supports and sustains the principle of local control and reject legislation that conflicts with the autonomy of cities and towns.

PROTECT STATE SHARED REVENUE

The League is determined to safeguard the economic resources that cities and towns require to ensure safety and provide high-quality services for their residents. To that end, the League calls upon the Legislature to enact a budget that maintains existing historical formulas for the distribution of state-collected shared revenue to local governments.

ECONOMIC VITALITY

The League is determined to safeguard the fiscal tools cities and towns require to provide the high-quality services their residents demand and continue to attract new economic opportunities. To that end, the League calls upon the Legislature to:

- Allow for the creation of Enhanced Municipal Services Districts in areas that are not considered slum or blighted;
- Authorize the formation of Revenue Allocation Districts to foster economic activity within targeted geographic areas;
- Explore mechanisms to improve the economic sustainability of the Public Safety Personnel Retirement System; and
- Support efforts to improve Arizona's ports of entry with Mexico and related infrastructure.

INFRASTRUCTURE

The League is concerned with the ability of cities and towns to meet the ever-increasing demands that our growing population places on existing infrastructure. Therefore, the League will:

- Support legislation to allow improvement districts to pay for the operation and maintenance of retention and detention bases;
- Preserve Highway User Revenue Funds (HURF) allocated to Arizona cities and towns and follow statutory formulas for the distribution of HURF monies;
- Establish a Highway User Revenue Funds (HURF) study committee to develop recommendations to improve transportation maintenance and infrastructure funding; and
- Restore funding for the Greater Arizona Development Authority to facilitate economic development in rural communities.

COMMUNITY SUPPORT

The League recognizes that all levels of government must work cooperatively in order to be successful and provide citizens with the quality they expect and deserve. To that end, the League calls upon the Legislature to:

- Support efforts to restore the Arizona State Park Heritage Fund;
- Seek to reduce the shortage of health care professionals; and
- Support the long-term retention of Arizona's military installations.

GENERAL GOVERNMENT

The League recognizes that success at the local level requires well-written state laws. Therefore, the League will support legislation to:

- Simplify the requirements for annexation;
- Support the long-term retention of Arizona's military installations;
- Permanently authorize cities and towns to use the total number of votes cast for an office when calculating the majority of votes cast;
- Provide properly apportioned indemnification among parties in intergovernmental agreements; and
- Streamline and improve the process for creating and implementing development impact fees.

1
S Steve Pierce(R)
R Noel Campbell(R), Karen Fann(R)
Carefree, Cave Creek, Chino Valley,
Dewey-Humboldt, Peoria, Phoenix,
Prescott, Prescott Valley, Wickenburg

2
S Andrea Dalessandro(D)
R John C. Ackerley(R), Rosanna Gabaldon(D)
Nogales, Patagonia, Sahuarita,
South Tucson, Tucson

3
S Olivia Cajero Bedford(D)
R Sally Ann Gonzales(D), Macario Saldate(D)
Tucson

4
S Lynne Pancrazi(D)
R Charlene Fernandez(D), Lisa Otondo(D)
Buckeye, Gila Bend, Goodyear, San Luis,
Somerton, Tucson, Yuma

5
S Kelli Ward(R)
R Sonny Borrelli(R), Regina Cobb(R)
Bullhead City, Colorado City, Kingman,
Lake Havasu City, Parker, Quartzsite

6
S Sylvia Allen(R)
R Brenda Barton(R), Robert Thorpe(R)
Camp Verde, Clarkdale, Cottonwood, Flagstaff,
Holbrook, Jerome, Payson, Sedona, Snowflake,
Star Valley, Taylor, Tusayan, Williams

7
S Carlyle Begay(D)
R Jennifer Benally(D), Albert Hale(D)
Eagar, Fredonia, Page, Pinetop-Lakeside,
Show Low, Springerville, St. Johns, Winslow

8
S Barbara McGuire(D)
R Frank Pratt(R), T.J. Shope(R)
Casa Grande, Coolidge, Eloy, Florence, Globe,
Hayden, Kearny, Mammoth, Miami,
Superior, Winkelman

9
S Steve Farley(D)
R Randall Friese(D), Victoria Steele(D)
Marana, Oro Valley, Tucson

10
S David Bradley(D)
R Stefanie Mach(D), Bruce Wheeler(D)
Tucson

11
S Steve Smith(R)
R Mark Finchem(R), Vince Leach(R)
Casa Grande, Eloy, Marana, Maricopa,
Oro Valley, Tucson

12
S Andy Biggs(R)
R Eddie Farnsworth(R), Warren Petersen(R)
Chandler, Gilbert, Queen Creek

13
S Don Shooter(R)
R Darin Mitchell(R), Steve Montenegro(R)
Buckeye, El Mirage, Glendale, Goodyear,
Litchfield Park, Surprise, Wellton,
Wickenburg, Yuma

14
S Gail Griffin(R)
R David Gowan(R), David Stevens(R)
Benson, Bisbee, Clifton, Douglas, Duncan,
Huachuca City, Pima, Safford, Sierra Vista,
Thatcher, Tombstone, Tucson, Willcox

15
S Nancy Barto(R)
R John Allen(R), Heather Carter(R)
Cave Creek, Phoenix

16
S David Farnsworth(R)
R Doug Coleman(R), Kelly Townsend(R)
Apache Junction, Mesa, Queen Creek

17
S Steve Yarbrough(R)
R J.D. Mesnard(R), Jeff Weninger(R)
Chandler, Gilbert

18
S Jeff Dial(R)
R Jill Norgaard(R), Bob Robson(R)
Chandler, Guadalupe, Mesa,
Phoenix, Tempe

19
S Lupe Chavira Contreras(D)
R Mark Cardenas(D), Diego Espinoza(D)
Avondale, Phoenix, Tolleson

20
S Kimberly Yee(R)
R Paul Boyer(R), Anthony Kern(R)
Glendale, Phoenix

21
S Debbie Lesko(R)
R Rick Gray(R), Tony Rivero(R)
El Mirage, Peoria, Surprise, Youngtown

22
S Judy Burges(R)
R David Livingston(R), Phil Lovas(R)
Glendale, Peoria, Surprise

23
S John Kavanagh(R)
R Jay Lawrence(R), Michelle Ugenti(R)
Fountain Hills, Paradise Valley, Scottsdale

24
S Katie Hobbs(D)
R Lela Alston(D), Ken Clark(D)
Phoenix, Scottsdale, Tempe

25
S Bob Worsley(R)
R Russell Bowers(R), Justin Olson(R)
Mesa

26
S Ed Ableser(D)
R Juan Mendez(D), Andrew Sherwood(D)
Mesa, Phoenix, Tempe

27
S Catherine Miranda(D)
R Reginald Bolding(D), Rebecca Rios(D)
Guadalupe, Phoenix, Tempe

28
S Adam Driggs(R)
R Kate Brophy McGee(R), Eric Meyer(D)
Paradise Valley, Phoenix, Scottsdale

29
S Martin Quezada(D)
R Richard Andrade(D), Ceci Velasquez(D)
El Mirage, Glendale, Phoenix

30
S Robert Meza(D)
R Jonathan Larkin(D), Debbie McCune Davis(D)
Glendale, Phoenix



Town Council Regular Session

Item # F.

Meeting Date: 01/07/2015

Requested by: Amanda Jacobs **Submitted By:** Amanda Jacobs, Town Manager's Office

Department: Town Manager's Office

Information

SUBJECT:

Resolution No. (R)15-05, approving changes to the 2014 Bond Election proposed project known as the Oro Valley Business Accelerator to meet the needs of the 2015 Bond Election proposed project

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

The Town of Oro Valley submitted a \$15 million economic development proposal for an Oro Valley Business Accelerator for the 2015 Pima County Bond Election. In the original proposal, the Accelerator would be built on Town-owned property in Innovation Park, the facility would have been operated by a third party and future operation and maintenance costs would have been the responsibility of the Town. However, there have been significant changes to the proposal and therefore staff is presenting the new changes to Council and requesting approval.

BACKGROUND OR DETAILED INFORMATION:

Staff is respectfully requesting to change the 2015 Economic Development Pima County Bond Election proposal from an Oro Valley Business Accelerator on Town-owned property to an Oro Valley Business Accelerator-Collaboratorium located on privately-owned property, located at Innovation Park Drive, directly across from the entrances to Sanofi and Ventana-Roche. The Oro Valley Business Accelerator-Collaboratorium will be a new, state of the art incubator/accelerator for life sciences. It is envisioned as a place where scientists from industry and academia, who share research interests with scientists from Sanofi and Ventana-Roche, will be able to conduct translational research. The Accelerator will help advance the research and product development missions of Sanofi and Ventana-Roche, and it will support and help create new businesses. Proximity of the Accelerator to two (2) of the world's largest pharmaceutical companies will foster collaboration and enhance a life-sciences hub in Oro Valley.

The project will be constructed in two (2) phases, with each phase consisting of a 25,000 square foot building with a pedestrian and vehicular connection. Additional land for expansion for private businesses or institutional partners is immediately adjacent. Sanofi, Ventana-Roche and ASU have committed to participate in the Accelerator. Discussions have been held with smaller bioscience companies, the U of A, and other business and economic development organizations.

Creating an Oro Valley Accelerator in Oro Valley will help the Town grow Innovation Park and create additional primary jobs. The Oro Valley Accelerator will allow small start-up companies to develop a prototype of their product or its equivalent, i.e. the early clinical data or "mock up" that attracts venture capital investors in their company. Successful companies will need to scale-up production of their product and at this point, may have the stability and financial support to plan the construction of new facilities.

Oro Valley is already home to Ventana Medical Systems, a member of the Roche Group, a world leader and innovator of tissue-based diagnostic solutions for patients worldwide; and Sanofi, the third largest pharmaceutical company in the world. Both facilities are located in Innovation Park where there is considerable room for expansion.

As a major enhancement to the bioscience ecosystem, the Oro Valley Accelerator will also enhance the region's ability to attract new life science employers, and provide recruiting and retention benefits to current employers.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution (R)15-05, approving changes to the 2014 Bond Election proposed project known as the Oro Valley Business Accelerator to meet the needs of the 2015 Bond Election proposed project.

Attachments

(R)15-05 - OV Business Accelerator

Letters of Support

Chamber Letter of Support

Accelerator DRAFT Concept & Location

RESOLUTION NO. (R)15-05

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, APPROVING CHANGES TO THE 2014 BOND ELECTION PROPOSED PROJECT KNOWN AS THE ORO VALLEY BUSINESS ACCELERATOR TO MEET NEEDS OF THE 2015 BOND ELECTION PROPOSED PROJECT

WHEREAS, On April 2, 2013, the Town proposed the Business Accelerator project for the 2014 Bond Election; and

WHEREAS, On December 9, 2014, the Town revised that 2014 Bond Election Proposal to reflect changes in location and partnerships and will now be submitting the proposal as the 2015 Bond Election Proposed Project.

WHEREAS, the proposed change of location is now on private property and is located at Innovation Park Drive, directly across from the entrances of Sanofi and Ventana-Roche; and

WHEREAS, the previous location was at 12941 Pusch Mountain View Lane, the Municipal Operations Center; and

WHEREAS, the proposed change in partnerships includes support from TREO, Sanofi, and Ventana-Roche; and

WHEREAS, the previous partnerships were with TREO and University of Arizona Bio5 Institute; and

WHEREAS, the 2015 Bond Election Proposed Project known as the Oro Valley Business Accelerator will provide the Town with economic development enhancements; and

WHEREAS, it is in the best interest of the Town to approve the changes to the 2014 Bond Election Proposed Project known as the Oro Valley Business Accelerator to meet the 2015 Bond Election Proposed Project, attached hereto as Exhibit "A" and incorporated herein by this reference, in order to help promote the health, safety and welfare of the Town.

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

SECTION 1. Changes to the 2014 Bond Election Proposed Project, attached hereto as Exhibit "A" and incorporated herein by this reference, is hereby approved.

PASSED AND ADOPTED by the Mayor and Council of the Town of Oro Valley this 7th day of January, 2015.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”



December 15, 2014

Mr. C.H. Huckelberry
County Administrator
130 W. Congress St, 10th Floor
Tucson, Arizona 85701-1317

Re: Business Accelerator in Oro Valley's Innovation Park Life Sciences Center

Dear Mr. Huckelberry:

As founding President of the Arizona Center for Education and Research on Therapeutics (AZCERT), I am very pleased to write in support of the proposal for an Oro Valley Business Accelerator located in Innovation Park that will facilitate scientific collaborations between scientists at Sanofi, Ventana Medical Systems, university scientists and others working in biomedical research and development. We believe these collaborations will result in economic growth for the region and create employment opportunities that will attract and retain scientists working in the area of health and wellness.

AZCERT is a non-profit organization that forms partnerships with innovative biotech companies in order to successfully execute our mission, i.e. to improve the safe use of medications. I have no doubt that this facility will catalyze collaborations between AZCERT and Sanofi, Ventana and new startups that will result in biomedical innovation.

AZCERT is fully supportive of the efforts of the Town of Oro Valley and BIOSA, the regional biotechnology trade organization, to create this truly innovative business development center. We believe that the planned location for this facility, immediately adjacent to Sanofi and Ventana, is ideal and will maximize the opportunity for interactions between scientists and stimulate the exchange of innovative ideas that create economic opportunities.

We thank you and the Pima County Bond Advisory Committee for your consideration of this proposal. I have no doubt that the Oro Valley Business Accelerator will generate high paying jobs and be a good investment for the citizens of Pima County. We encourage your support and pledge to work with BIOSA and the Town of Oro Valley to make the Business Accelerator a success.

Yours sincerely,

A handwritten signature in black ink that reads "Raymond L. Woosley".

Raymond L. Woosley, MD, PhD
President, AZCERT, Inc.



December 15, 2014

C.H. Huckelberry
County Administrator
Pima County Governmental Center
130 W. Congress Street, Floor 10
Tucson AZ 85701-1317

Re: November 2015 bond package for Innovation Park Life Sciences Center

Dear Mr. Huckelberry

I am writing to support a bond package for the proposed Oro Valley life sciences center on behalf of Biosa, the Bioindustry Organization of Southern Arizona. Biosa is a non-profit trade group with the mission of supporting and growing the life sciences industry in Southern Arizona. The center is proposed to be located adjacent to our two largest life science employers, Sanofi and Ventana Medical Systems (a Roche company). Indeed, these two companies are among the largest life sciences companies in the world and significant employers in our region.

The proposed center will engage collaborators to work with these companies. The new reality of life science companies (new and established) is the ability to leverage strengths through collaboration to seed new products and improve existing products. Tucson has notably lacked dedicated, neutral space to foster growth of new and established companies in the life science sector. Known life science hotbed communities, such as Boston and San Francisco have numerous working spaces to nurture growth. Even Phoenix has established a number of sites such as SkySong, Peoria (medical devices) and Chandler (DNA technology with UA). This proposed effort will help consolidate and encourage translation of innovation to economic benefit.

While much attention is focused on start-up companies, our community needs to also support our established companies. Sanofi and Ventana, being part of large multi-national corporations could exist in many communities. Keeping them here in Southern Arizona requires that they are able to remain productive and relevant to their central

Bioindustry Organization of Southern Arizona
PO Box 35278
Tucson, AZ 85740



management. A center, such as the one proposed, will help them and Southern Arizona in the following ways:

- develop new technologies through collaborations
- allow them to start new companies that will be in close proximity (Sanofi is in the midst of this currently with new technology from the UA and ASU)
- establishing more new companies will provide new employment opportunities in
- a diversity of new companies will help the larger companies attract talent by providing employment opportunities for trailing spouses. Having a 'critical mass' of employers & employees is critical to establishing the life science industry sector.

To further advance this proposal, BIOSA will establish an affiliated non-profit (non-membership organization for economic development purposes) to hold the lease of the building. BIOSA proposes that at least the committee that has been working on this proposal for the past two years will serve as the Board of Directors with other key community members. BIOSA will also help in establishing programs to encourage collaborations and start-up company activity through its network of bioscience professionals.

Thank you for the opportunity to speak on behalf of this important initiative.

Sincerely,

Nina Ossanna, PhD
Chair, Bioindustry Organization of Southern Arizona
nina@biosaz.org
520 248-8260



631 North Fifth Avenue • Tucson, Arizona 85705-8421

December 15, 2014

Mr. C.H. Huckelberry
County Administrator
Pima County Governmental Center
130 W. Congress Street, Floor 10
Tucson AZ 85701-1317

Dear Mr. Huckelberry:

Desert Angels is pleased to express its strong support for the proposed Oro Valley Business Accelerator located in Innovation Park adjacent to Sanofi Group and Ventana Medical Systems, Inc. As one of the largest and most prolific angel groups in the country investing in the life science industry, we recognize the need for such a facility. Approximately 40% of our portfolio companies are in this industry and we have invested approximately \$15 million directly into these companies since our inception in 2000. Notable investments include: Calimune (cell-based therapies for HIV); Cancer Prevention Pharmaceuticals, Inc. (a biopharmaceutical company developing cancer prevention therapies); CellzDirect (provides high-quality in vitro ADME cell products); HTG Molecular Diagnostics (a universal molecular biology-based platform to improve the pharmaceutical drug discovery process); Medipacs (first non-mechanical infusion pump based on expandable polymer); MSDx, Inc. (provides novel biomarker tools for studying disease processes); Salutaris Medical Devices (deliver improved outcomes for Wet AMD); and SynCardia Systems, Inc. (Total Artificial Heart is the only FDA, Health Canada and CE approved in the world).

This facility would provide a platform to perpetuate new ventures in Southern Arizona by nurturing innovation and providing the infrastructure for the establishment of startups in this space. Sanofi Group develops products in therapeutics, medical devices, vaccines, animal health and the consumer market. The Tucson location is critical in identifying early stage opportunities. Ventana Medical Systems, Inc. is a member of the Roche Group and a world leader and innovator of tissue-based diagnostic solutions for patients worldwide. In addition, this location will allow for direct collaboration with some of the leading research universities thus allowing access to world class translational and faculty scientists, and post-doctoral students. As far as we are aware, there is no such facility in the country that is anchored between one of the top pharma and diagnostics companies.

We believe this project is a very important investment for the Pima County Bond Advisory Committee to consider. Such a facility and collaboration with some of the leading bio medical companies in the world will allow the region, if not the state, to become a leader in the field. This facility will perpetuate and aid economic development at the high end of the wage spectrum, which is critical to the long-term success of Southern Arizona.

Thank you in advance for your consideration.

Sincerely,

A blue ink signature of Curtis Gunn, consisting of a stylized, cursive script.

Curtis Gunn
Chairman
Desert Angels
curtis@desertangels.org

A blue ink signature of Base Horner, consisting of a stylized, cursive script.

Base Horner
Chairman – Screening Panel
Desert Angels
base@desertangels.org



December 12, 2014

Mr. C.H. Huckelberry
County Administrator
Pima County Governmental Center
130 W. Congress Street, 10th floor
Tucson, AZ 85701

Dear Mr. Huckelberry:

Arizona State University is pleased to express its strong support for the proposal for an Oro Valley Business Accelerator in the Innovation Park in proximity to Sanofi and Ventana Medical Systems. For ASU a partnership with Pima County, the Town of Oro Valley, the Innovation Park and the companies, would provide an opportunity for direct collaboration between faculty scientists, students, and post-doctoral fellows affiliated with our Biodesign Institute and researchers in the pharmaceutical industry with common interests in translational research.

We have followed up the preliminary discussions with representatives from Sanofi, Ventana, Innovation Park, Oro Valley, and TREO with a site visit to ASU's Biodesign Institute, and we are all excited about the possibilities of building a valuable partnership that involves ASU scientists based in the Oro Valley Business Accelerator, scientists from the existing companies that would be involved, the start-ups that would find a base for launching, and the powerful scientific strengths of the larger Biodesign Institute.

We believe this is a very appropriate investment for the Pima County Bond Advisory Committee to consider. It will not only be of tremendous value to the larger efforts to build the biomedical industry in Pima County, but will demonstrate the strength that come from close industry and university collaboration and partnership. These kinds of partnerships can provide the impetus for start-up companies that serve as the gateway to a vibrant and diverse economy.

We encourage your support for this project and with the bond program support we can work to make this concept a strong contributor to Pima Counties success.

Sincerely,

A handwritten signature in blue ink, appearing to read "Richard Stanley".

Richard Stanley
Senior Vice President and University Planner

OFFICE OF THE PRESIDENT

PO Box 877705, Tempe, AZ 85287-7705
(480) 965-8972 FAX: (480) 965-0865



C.H. Huckelberry
County Administrator
Pima County Government Center
130 W. Congress Street, Floor 10
Tucson, AZ 85701-1317

15 December 2014

Dear Mr. Huckelberry,

Ventana Medical Systems, Inc. (Ventana) is pleased to express our support for the proposed Oro Valley Business Accelerator/Collaboratorium located adjacent to Ventana within Innovation Park. This building would facilitate collaborations between our scientists, Sanofi, university translational scientists and others working in biomedical research. We are proud of this concept having originated in a "Watering Hole" conference that was sponsored by TREO and hosted by Ventana in 2012. We have watched the vision mature as it garnered support from a broad coalition of Arizona leaders and organizations. Ventana representatives have also participated in the Accelerator/Collaboratorium planning. We are fully supportive of the Town of Oro Valley as well as the regional biotechnology trade organization BIOSA and their efforts to bring this vision to reality.

We anticipate the Accelerator/Collaboratorium will create opportunities for Ventana that will strengthen our business and support the community's economic development activities. The scientific collaborations will spawn ideas for new medical products and technologies that could be of interest not only to Ventana, but also to investors and entrepreneurs more broadly. The Accelerator/Collaboratorium will also support our efforts to establish a biotech 'critical mass' in the Southern Arizona region that is essential for attracting top scientists globally and retaining those who train in our Arizona universities. It will further assist us in recruiting the highest level of scientific expertise as the new startups may provide employment opportunities for family members of Ventana / Sanofi new hires.

We support the Pima County Bond Advisory Committee's consideration of this investment. We believe it will contribute to high-wage employment opportunities for the region and provide a return on investment for the citizens of Pima County. We encourage your support and commitment to help make it both a reality and successful endeavor.

Sincerely,

A handwritten signature in blue ink, appearing to read "ZU", is written over the word "Sincerely,".

Dan Zabrowski
Head of Roche Tissue Diagnostics and Head of Roche Sequencing Unit

2090 E Innovation Park Drive
Oro Valley, Arizona 85755

December 15, 2014

Dear Mr. Huckelberry;

I am writing to express my strong enthusiasm for creating a biomedical technology incubator on Innovation Park Drive in Oro Valley, Arizona. Such a facility would catalyze the realization of new ventures in Southern Arizona by nurturing innovative collaborations and providing infrastructure for the establishment of startup entities. To have such a facility in juxtaposition to the Sanofi Innovation Center would be mutually beneficial to nascent enterprises and to Sanofi interests.

Our Sanofi team operates, as do our Ventana Medical System neighbors, within the context of a major global life sciences enterprise. Sanofi Group develops products in therapeutics, medical devices, vaccines, animal health and the consumer market. Our Tucson team serves as the western node of the Group and in this role we seek to identify industry trends and to create new opportunities for Sanofi investment and/or partnership. A recent example is the imminent creation of an animal vaccine company in partnership with scientists from the University of Arizona and the Biodesign Institute at Arizona State University.

The biomedical sector has grown in leaps and bounds in Arizona over the last 10 years. Today, we are on the cusp of the critical mass needed to catalyze a vibrant biotechnology community. However, challenges for startups are more the rule than the exception. Such a facility could alleviate several common hurdles by providing low cost structure, access to expertise, and operational support in a well-networked environment. In addition to the economic stimulus it would yield, the expansion of the community would help us greatly for recruiting top talent. Candidates considering moves from the likes of San Francisco, Boston, or San Diego look for an ecosystem that offers flexibility for career development, typically for both themselves and spouses.

In 2013, as a part of their Blue Print for Economic Development, TREO produced a white paper entitled "Securing the Lead". Therein, the authors identified clinical diagnostics as a growing field of opportunity and explained how Arizona is well positioned to take a leading role in its development. The burgeoning field of personalized health care, driven largely by economic pressure, is about customizing the treatment to an individual patient's needs. As such, diagnostic methods will become increasingly important for the registration and use of therapeutic products, both for patient identification and for assessment of efficacy. One tantalizing possibility is the creation of Sanofi-Ventana joint ventures, embodied as startups, to develop such "companion products".

Over that last year I have been part of a focus group that has been scoping and pressure testing the idea of an Oro Valley biotech incubator. It is through this process that I have become convinced that such a facility would be a catalyst for the growth of our industry in Arizona, yielding jobs and creating opportunity.

Please feel free to contact me:



Kenneth F. Wertman, PhD
Vice President, Sanofi US



7435 N. Oracle Rd., Suite 107
Oro Valley, AZ 85704
P: 520.297.2191
F: 520.742.7960
orovalleychamber.com

Chairwoman
Cathy Workman
*Workman Insurance
and Investments*

Chair-elect
Alan Dankwerth
Market Considerations

Secretary
Marcia Ring
Tohono Chul Park

Past chair
Sarah Ritchie
*Pitcher of Nectar
Distributing*

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Greg Durnan
Acacia IT

Ron Janicki
*Arizona Small Business
Association*

Mark Mitchell
*Quick Mitchell and Maisch
CPAs*

Kay Williams
*Oro Valley Community
Foundation*

Wendy Wise
State Farm / Wendy Wise

Mary Carter
Oro Valley Hospital

Bruce Baca
Pima Federal Credit Union

Toni Dorsey
AAA of Arizona

Randy Karrer
Golder Ranch Fire District

Amy Lee
Arizona Daily Star

Dec. 29, 2014

Mayor Satish I. Hiremath
Members of the Oro Valley Town Council
Town staff

Ladies and gentlemen,

On Dec. 11, the board of the Greater Oro Valley Chamber of Commerce took a position **to support the Oro Valley Business Accelerator/Collaboratorium**, Oro Valley's top priority on the proposed Pima County bond election ballot.

The business accelerator / collaboratorium would help Oro Valley create good new jobs, stimulate demand for housing and retail goods and services, support our existing bioscience industry, and bring an essential academic component into our community.

It also fits neatly with our Chamber's mission – **to promote a business environment within Greater Oro Valley and its surroundings, enhancing economic vitality and improving the quality of life for all.**

The accelerator / collaboratorium has powerful potential for Oro Valley, with a real chance to enhance our economic vitality. In turn, our community benefits.

Oro Valley is a great place in which to work, live and play. This project is another step in its evolution. That's why our Chamber gives its enthusiastic support for this proposal.

Please let us know how we can be of service.

Respectfully submitted,

Dave

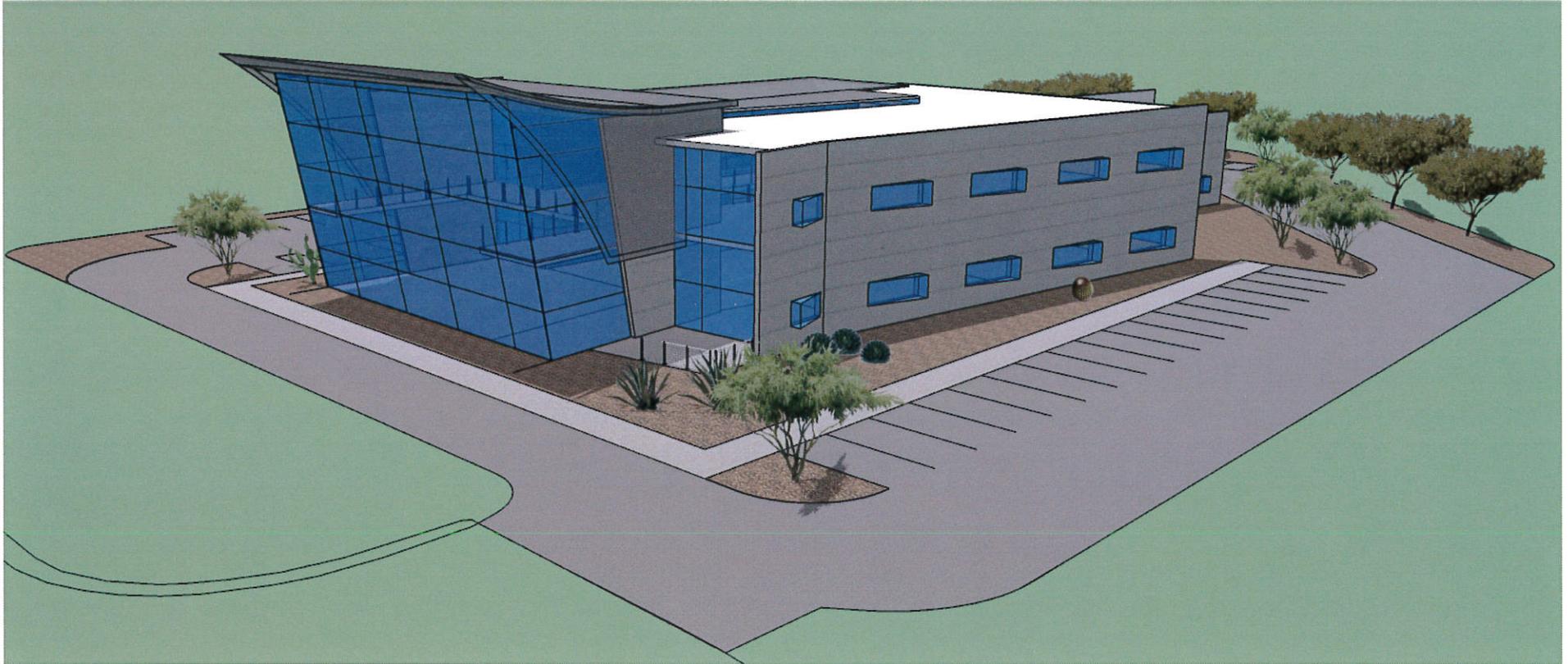
Dave Perry
President / CEO
Greater Oro Valley Chamber of Commerce
On behalf of the Chamber's board of directors

Project Location



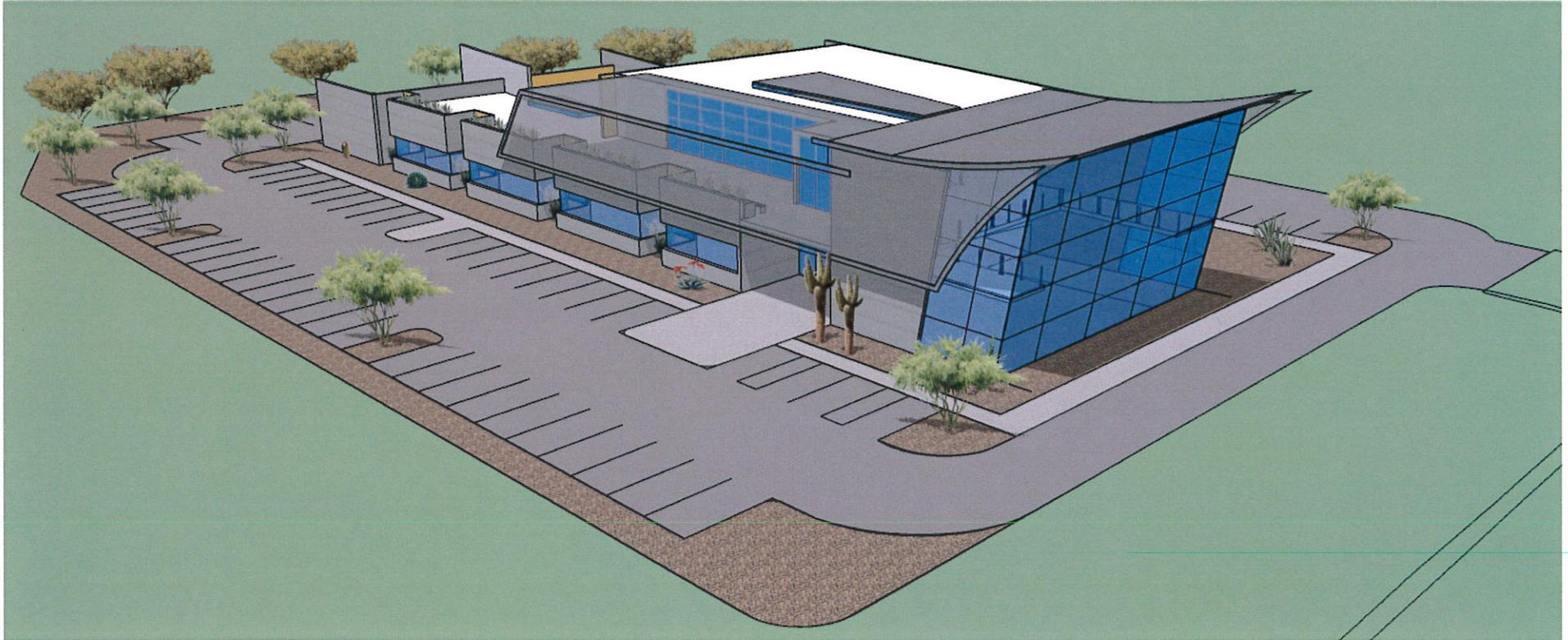
Concepts

North East View



Concepts

South East View







Town Council Regular Session

Item # **1.**

Meeting Date: 01/07/2015
Requested by: Patty Hayes
Submitted By: Patty Hayes, Development Infrastructure Services
Department: Development Infrastructure Services

Information

SUBJECT:

REQUEST TO MODIFY THE CONDITIONS OF APPROVAL TO ELIMINATE THE EXPIRATION DATE, DEFINE THE LOCATION, QUANTITY AND DURATION OF EACH EVENT AND LIMIT THE NUMBER OF VEHICLES RELATED TO THE SALES OF RECREATIONAL VEHICLES AT THE ORO VALLEY MARKETPLACE

RECOMMENDATION:

Staff recommends approval with conditions.

EXECUTIVE SUMMARY:

The Oro Valley Marketplace is zoned Rancho Vistoso Planned Area Development (PAD) which requires Town Council approval for the sales of recreational vehicles. In the fall of 2013, Town Council approved a request by La Mesa RV to conduct recreational vehicle sales at the Oro Valley Marketplace through December 2014.

This agenda item is a request to eliminate the December 2014 expiration date attached to the original Council approval. This request would allow recreational vehicle sales to continue for an indefinite time, but limit the total number of events to four 4-day events per year, place a cap on the number of vehicles and define the event location (Attachment 1). The Town would retain the ability to retract the approval if warranted.

The applicant for the original and current proposal is La Mesa RV. In the event La Mesa RV is no longer able to conduct recreational vehicle sales at this location, the allowance could be applied to other recreational vehicle dealers on the same property subject to conditions in Attachment 1.

BACKGROUND OR DETAILED INFORMATION:

Recreational vehicle sales were a relatively new event for the Town when the first request was reviewed by Council in fall 2013. Therefore, a limit on the number of events and an expiration date was placed on the first approval. Originally, three (3) events were approved through the end of December 2014. Since that time, the Town has not received any complaints about the recreational vehicle sales at the Oro Valley Marketplace.

The applicant submitted a request on November 26, 2014, (Attachment 2) to extend the original approval to conduct sales for an indefinite period of time. The request to eliminate the expiration date was received prior to the expiration of the first approval.

Proposal:

- Conduct a maximum of four (4) recreational vehicle sales events per year (see Attachment 3 for proposed site plan)
- Each event lasts four (4) days plus two (2) days of set up and two (2) days of take down
- Approximately 100 to 150 recreational vehicles are on site for each event
- Applicant is responsible for cleanup and security of the event

If this request is approved by Town Council, each individual event would still be required to obtain a Special Use Permit which is reviewed by Town staff.

FISCAL IMPACT:

While it has been confirmed that the Town does not receive direct sales tax revenues from the RV sales themselves since consumers take possession of the vehicles outside of the Town limits, the Town will receive \$370 for the Special Use Permit paid by La Mesa RV for each of these events. It is also expected that the four-day special events will increase consumer activity, directly benefiting the retailers and restaurants in the area, resulting in increased sales taxes from these sources.

SUGGESTED MOTION:

I MOVE to (approve, deny, continue) the request to eliminate the December 2014 expiration date for the sale of recreational vehicles at the Oro Valley Marketplace subject to conditions in Attachment 1.

Attachments

Attachment 1 Conditions of Approval

Attachment 2 Applicants Submittal

Attachment 3 Applicants Site Plan

OV1213-25

Attachment 1

Conditions of Approval

1. A maximum of 4 recreations vehicle sales events per year.
2. Each event may be open to the public for a maximum of 4 days. Four additional days allowed for set up and clean up.
3. Maximum number of recreational vehicles is limited to 150 per event.
4. Location of the event is restricted to the Oro Valley Marketplace on a vacant lot north of Red Lobster as shown in Attachment 3.
5. Approval can be retracted at the discretion of the Planning and Zoning Administrator or Building Official due to circumstances that are deemed to make the event no longer appropriate for the area.

November 20, 2014

Town of Oro Valley
11000 N La Canada Dr
Oro Valley, AZ 85737

To Whom It May Concern:

Please find the attached application form in order for La Mesa RV Center, Inc. (Yuma) to produce up to four (4) RV Shows and Sales per calendar year on an undeveloped pad north of the Red Lobster in the Oro Valley Marketplace.

La Mesa RV has been in business since 1972 and we will produce upwards of 100 plus similar type of events across the country each year. We maintain an excellent relationship with all of the various facilities that we use as we want to continue coming back to do additional events in years to come. Vestar has agreed to allow us to produce six (6) of these events since early 2013 and is interested in continuing our ongoing relationship.

La Mesa RV is the sole participant in each event and will also handle all of the advertising placed in the local Tucson market. Approximately 100 to 150 units will be moved to the location for each event. Two days of set-up will be required, each event will run for 4 days, Thursday thru Sunday, from 9 am to dusk each day and then the following two days will be needed for move out and clean up.

Local advertising will be placed on KVOA, KGUN, Cox Media cable, local radio stations and the Arizona Daily newspaper. A website, www.rvshowusa.com, will also carry information about the event and an email blast promoting the event to people that have registered with La Mesa RV will be sent out.

La Mesa RV Center has previously produced six events at this same location and the managers and staff from Wal-Mart and Red Lobster have thanked us for doing the events as they increased traffic and sales at both of these retail establishments.

RVs are used for a variety of purposes from short weekend trips, longer family vacations as well as a winter home for many people that come to the Oro Valley area. La Mesa RV's events will primarily attract people from an upper income bracket that either have previously owned an RV and are ready to trade to a larger one or are at this time looking to downsize. These events do not attract unruly crowds or create noise nuisances to the area or neighborhood nor is there an unusually large amount of traffic generated. As the sun begins to set, our attendees will be making their way home and our event will be winding down for the day.

If you need further information or documentation for processing this permit, please contact me at the address below.

Sincerely,



Steve Love
Marketing Manager
La Mesa RV Center
858-874-8095 | slove@lamesarv.com

RV Show at Oro Valley Marketplace



Customer
Parking

Show Entry
Exit

Red Lobster

25' wide aisle typical

N Oracle Rd

N Oracle Rd

11746

Legend:

- RV For Sale: [Blue rectangle]
- Portapottie: [Yellow circle]
- Generator for offices: [Light blue square]

RV Show at Oro Valley Marketplace





Town Council Regular Session

Item # **2. a.**

Meeting Date: 01/07/2015
Requested by: Bayer Vella
Submitted By: Michael Spaeth, Development Infrastructure Services
Department: Development Infrastructure Services

Information

SUBJECT:

RESOLUTION NO. (R)15-06, DECLARING THE PROPOSED AMENDMENTS TO VARIOUS SECTIONS OF THE ORO VALLEY ZONING CODE REVISED RELATING TO SENIOR CARE, PROVIDED AS EXHIBIT "A" WITHIN THE ATTACHED RESOLUTION AND FILED WITH THE TOWN CLERK, A PUBLIC RECORD

RECOMMENDATION:

Staff recommends approval.

EXECUTIVE SUMMARY:

This is a procedural item to declare the draft ordinance a matter of public record. The draft ordinance has been posted online and made available in the Town Clerk's Office. If the final version is adopted, as approved by Town Council, it will be made available in the same manner.

BACKGROUND OR DETAILED INFORMATION:

Once adopted by Town Council, this proposed resolution will become a public record and will save the Town on advertising costs since the Town will forgo publishing the entire draft ordinance in print form. The current draft version of the draft ordinance has been posted on the Town's website and a printed copy is available for public review in the Town Clerk's Office. Once adopted, the final version will be published on the Town's website.

FISCAL IMPACT:

The Town will save on advertising costs by meeting publishing requirements by reference, without including the pages of amendments.

SUGGESTED MOTION:

I MOVE to (adopt or deny) Resolution No. (R)15-06, declaring the proposed amendments to various sections of the Oro Valley Zoning Code Revised related to senior care uses, attached hereto as Exhibit "A" and filed with the Town Clerk, a public record.

Attachments

(R)15-06 Zoning Code Amendments Relating to Senior Care

RESOLUTION NO. (R)15-06

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, DECLARING AS A PUBLIC RECORD THAT CERTAIN DOCUMENT TO BE PLACED WITHIN CHAPTER 23 ZONING DISTRICTS; SECTIONS 23.7.E.6.b RECREATIONAL FACILITIES, AND 23.8.B C-N NEIGHBORHOOD COMMERCIAL DISTRICT; CHAPTER 25, USE REGULATIONS, SECTION 25.1.E COMMUNITY RESIDENCES; CHAPTER 27, GENERAL DEVELOPMENT STANDARDS, SECTIONS 27.7.D PARKING LOTS – REQUIRED NUMBER OF SPACES FOR TYPE OF USE, AND; TABLE 27-14 ALLOWED PARKING SPACES; CHAPTER 31 DEFINITIONS; ADDING 25.1.X SENIOR CARE FACILITY; SECTION 27.10.D.3 AND AMENDING DESIGN STANDARDS ADDENDUM A, SECTION 2.1.P.1 ATTACHED HERETO AS EXHIBIT “A” AND FILED WITH THE TOWN CLERK

BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, that certain document of the Oro Valley Town Code, entitled Chapter 23 Zoning Districts; Sections 23.7.E.6.b Recreational Facilities, and 23.8.B C-N Neighborhood Commercial District; Chapter 25, use regulations, Section 25.1.E Community Residences; Chapter 27, General Development Standards, Sections 27.7.D Parking Lots – Required Number of Spaces for Type of Use, and; Table 27-14 Allowed Parking Spaces; Chapter 31 Definitions, add Section 25.1.X, Senior Care Facility; Section 27.10.D.3; and amend Design Standards Addendum A, Section 2.1.P.1 is attached hereto as Exhibit “A”, three copies of which are on file in the Office of the Town Clerk, is hereby declared to be a public record, and said copies are ordered to remain on file with the Town Clerk.

PASSED AND ADOPTED by the Mayor and Town Council of the Town of Oro Valley, Arizona this 7th day of January, 2015.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”

ADD The following NEW Definitions to Chapter 31

SENIOR CARE FACILITY

SHALL MEAN A HEALTH CARE FACILITY PROVIDING SINGLE OR MULTIPLE TYPES OF SENIOR CARE, INCLUDING INDEPENDENT LIVING FACILITIES OR FACILITIES DEFINED AND LICENSED BY THE STATE OF ARIZONA AS AN ASSISTED LIVING FACILITY, HOSPICE IN-PATIENT FACILITY, NURSING CARE INSTITUTION OR SIMILARLY LICENSED FACILITIES.

ASSISTED LIVING HOME

SHALL MEAN A DWELLING UNIT USED AS A PRIMARY RESIDENCE FOR TEN (10) OR FEWER RESIDENTS WHO RECEIVE SUPERVISORY CARE SERVICES, PERSONAL CARE SERVICES OR DIRECTED CARE SERVICES ON A CONTINUAL BASIS.

AMEND the following existing definitions in Chapter 31

Additions shown in ALL CAPS, Deletions shown in strikethrough

Independent Living Facility

Shall mean A SENIOR CARE FACILITY WHICH PROVIDES RESIDENT BEDS OR RESIDENTIAL LIVING UNITS FOR ~~one (1) or more residential buildings containing multiple dwelling units, each of which has sleeping quarters, a full kitchen and bath, and/or sleeping units. Independent living facilities are intended for, and shall be limited to,~~ occupancy by adults who are able to live independently and do not require routine/ongoing assistance with the activities of

daily living. An independent living facility must include areas for ~~full-service communal dining and group activities FOR THE RESIDENTS. The project must include common open space for passive recreation, including walkways, benches, and shade structures.~~

Hospital

Shall mean a facility for the general and emergency treatment of human ailments with bed care. ~~and shall include sanitarium and clinic, but shall not include convalescent or nursing home.~~

DELETE the following EXISTING DEFINITIONS in Chapter 31

Skilled Nursing Care Facility

Shall mean a ~~LONG TERM CARE~~ health care facility which provides skilled nursing and supportive care (excluding substance abuse treatment) on a 24 hour a day basis to inpatients requiring such services for extended periods (see criteria/specific development standards in Section [25.1.W.](#)).

Rehabilitative Care Facility

Shall mean a health care long term care facility that provides twenty four (24) hour personal care, rehabilitation, and supportive care services, including medical supervision, for inpatients. ~~Skilled nursing care and ongoing therapeutic treatment (excluding treatment for substance abuse), as necessary, may be provided for patients only inhabiting the premises for a finite period (see criteria/specific development standards in Section 25.1.W.).~~

Convalescent Home or Nursing Home

~~Shall mean any place or institution which makes provisions for bed care or for chronic or convalescent care for one (1) or more persons exclusive of relatives who, by reason of illness or physical infirmity, are unable to properly care for themselves. Alcoholics, drug addicts, persons with mental diseases and persons with communicable diseases including contagious tuberculosis, shall not be admitted or cared for in these homes licensed under the State of Arizona as a convalescent and nursing home.~~

Community Residence

~~A dwelling unit shared as a primary residence by the disabled, or disabled elderly person, living together as a single housekeeping unit in which staff provides on-site care, training and support for the residents. Such residence or services provided therein shall be licensed by, certified by, approved by, registered with, funded by or through, or under contract with the State of Arizona. Community residence does not include a residence which serves persons as an alternative to incarceration for a criminal offense, or a residence for a criminal offense, or a residence which provides drug and/or alcohol rehabilitation.~~

AMEND the following Section in Chapter 25:

Additions shown in ALL CAPS, Deletions shown in strikethrough

Section 25.1.E ~~COMMUNITY RESIDENCES ASSISTED LIVING HOME~~

Community Residences ASSISTED LIVING HOMES shall be permitted provided that:

1. ~~No residence is located on a lot with a property line within 1,000 feet, measured in a straight line in any direction, of the lot line of another such Community Residences ; and~~

1. NO ASSISTED LIVING HOME SHALL BE LOCATED CLOSER THAN 1,000 FEET TO ANOTHER ASSISTED LIVING HOME. THE MINIMUM 1,000 FOOT SEPARATION SHALL BE MAINTAINED BETWEEN PROPERTY LINES, MEASURED ON A STRAIGHT LINE.
2. Such ASSISTED LIVING HOME ~~residence~~ contains no more than 6 10 residents AND AN APPROPRIATE NUMBER OF SUPPORT STAFF, ~~or 8 residents, including staff;~~ and
3. ~~Such residence is registered with, and is approved by, the Planning and Zoning Administrator as to compliance with the standards of this Section.~~
4. ~~Such residence or services provided therein shall be licensed by, certified by, approved by, registered with, funded by or through, or under contract with the State of Arizona.~~

Add the following Additional Requirements in Chapter 25, Section 25.1 for Senior Care Facility

- X. SENIOR CARE FACILITY:
 1. RECREATIONAL AREA: SENIOR CARE FACILITIES SHALL COMPLY WITH THE REQUIREMENTS OF SECTION 26.5.B, SECTION 26.5.C AND SECTION 26.5.D OF THE ZONING CODE.
 - a. THE TERM DWELLING UNIT IN SECTION 26.5.C. SHALL INCLUDE BEDS, BEDROOMS AND LIVING UNITS FOR THE PURPOSES OF CALCULATING THE AMOUNT OF RECREATIONAL AREA.

- b. THE RECREATIONAL AREA SHALL PROVIDE AMENITIES TO MEET THE RECREATIONAL NEEDS RESIDENTS AND GUESTS OF THE FACILITY. THE MINIMUM RECREATIONAL AREA MAY BE DIVIDED BETWEEN MULTIPLE AREAS THROUGHOUT THE DEVELOPMENT.
- c. SENIOR CARE FACILITIES ARE EXEMPT FROM PRIVATE OUTDOOR LIVING SPACE REQUIREMENTS OF THE APPLICABLE ZONING DISTRICT.

Additional minor amendments throughout the Zoning Code to change references to deleted or modified uses have been incorporated as follows:
Additions shown in ALL CAPS, Deletions shown in strikethrough

Section 23.7.E.6.b. Recreational Facilities

Wherever there is constructed a multiple dwelling which has twenty (20) or more dwelling units, there shall be provided on the lot site of said multiple dwellings a play area for children. Said play area shall be separated from any private access ways and public streets by a fence or wall. The tot lot requirement ~~may~~ SHALL be excluded from a ~~senior citizens development~~ SENIOR CARE FACILITIES.

Section 23.8.B. C-N Neighborhood Commercial District

1. Floor Area Limits

...

- c. The aforementioned square footage limits do not apply to buildings used for residential, public, institutional, civic, office, ~~rehabilitative and skilled nursing care~~ AND SENIOR CARE purposes.

Section 27.7.D. Parking Lots – Required Number of Spaces for Type of Use

1. Residential Parking Requirements: Residential uses shall provide a minimum number of parking spaces as defined by the standards below. Any increase or decrease in parking shall be in accordance with subsection C.2 of this section.

...

e. Boarding Houses/Group Homes /Religious Quarters/~~Mature Adult Retirement Quarters/Rehabilitative/Skilled Nursing~~ SENIOR Care Facilities: One (1) per bedroom or bed plus one (1) for-each four (4) bedrooms or beds for guest parking, plus two (2) for every three (3)-employees.

Table 27-14 Allowed Parking Spaces

Health Facilities

...

b. Long Term Care Facilities. ~~33/bed, 1 per employee based on maximum shift~~

Design Standards Addendum "A", Section 2.1.P.1

P. ~~Senior Housing/Assisted Living~~ SENIOR CARE FACILITY Design

1. ~~Independent living, assisted living, and skilled nursing~~ SENIOR CARE Facilities, ~~including continuum of care facilities,~~ shall provide the following features and amenities:

Section 27.10.D.3.f.vi.b).5.B).vii).(C).(5).(c)

(c) Hospitals/~~extended~~ SENIOR Care Facilities exceeding two (2) stories or thirty (30) feet in height.

Amend Table 23-1 as follows:

EXISTING																				
TABLE 23-1: Permitted Uses																				
SPECIFIC USE TYPE	R1-300	R1-144	R1-72	R1-43	R1-36	R1-20	R1-10	R1-7	R-4	R-4R	R-S	R-6	C-N	C-1	C-2	PS	T-P	POS	ADDL REGS	
Community Residences	P	P	P	P	P				P	P										Section 25.1 E
Independent Living Facility									C		C	P	C							
Rehabilitative Care Facility											C	C	C							
Skilled Nursing Care Facility											C	C	C							

PROPOSED (AREAS OF CHANGE SHADED)																				
TABLE 23-1: Permitted Uses																				
SPECIFIC USE TYPE	R1-300	R1-144	R1-72	R1-43	R1-36	R1-20	R1-10	R1-7	R-4	R-4R	R-S	R-6	C-N	C-1	C-2	PS	T-P	POS	ADDL REGS	
Community Residences	P	P	P	P	P				P	P										
Assisted Living Home	P	P	P	P	P	P	P	P	P	P										Section 25.1 E
Independent Living Facility									C		C	P	C							Section 25.1 X
Rehabilitative Care Facility											C	C	C							
Skilled Nursing Care Facility											C	C	C							
Senior Care Facility									P	P	P	P	P							Section 25.1 X



Town Council Regular Session

Item # **2. b.**

Meeting Date: 01/07/2015

Submitted By: Michael Spaeth, Development Infrastructure Services

Department: Development Infrastructure Services

Information

SUBJECT:

PUBLIC HEARING: ORDINANCE NO. (O)15-01, AMENDING VARIOUS SECTIONS OF THE ORO VALLEY ZONING CODE REVISED (OVZCR) RELATED TO SENIOR CARE USES INCLUDING AMENDMENTS TO DEFINITIONS, ALLOWABLE ZONING DISTRICTS AND DEVELOPMENT STANDARDS

RECOMMENDATION:

The Planning and Zoning Commission recommends approval of the proposed amendment.

EXECUTIVE SUMMARY:

Town Council initiated this Zoning Code amendment last year to update and clarify definitions, locations and land use standards for senior care uses. Specifically, the amendment was intended to address the following zoning regulations related to senior care uses:

- Resolve differences between terms and definitions used in the Zoning Code and those used by the State
- Update the Zoning Code to reflect federal and state laws, which provides for small in-home senior care uses within all residential neighborhoods
- Determine which zoning districts are appropriate
- Evaluate appropriate special land use standards as warranted

In summary, the proposed amendment (Exhibit A within the attached ordinance) provides for an update to senior care requirements as follows:

- Establishes a single definition for "Senior Care Facility" which includes all levels of care
- Deletes outdated terms and definitions for senior care uses and adds/amends definitions for consistency with State licensing terms and definitions
- Updates the Table of Permitted Uses to provide for senior care uses in appropriate commercial and residential zoning districts
- Establishes a requirement for senior care uses to provide recreational area(s) with amenities to serve residents of the facility

The proposed code amendment was considered by the Planning and Zoning Commission on December 2nd. At the conclusion of the public hearing, the Commission voted to recommend approval of the amendment as provided in Exhibit A within the attached ordinance.

BACKGROUND OR DETAILED INFORMATION:

This section of the report is divided into the main areas of the amendment; Definitions, Zoning Districts and Development Standards.

Definitions

The Town of Oro Valley Zoning Code currently defines various types of senior care uses including independent living, skilled nursing and rehabilitative care. Over time, the terms and definitions used by the State in licensing senior care uses have changed, but the Zoning Code has not been amended to remain current. From a land use standpoint, there is little external difference between the various levels of senior care and therefore a single definition of Senior Care Facility is proposed, which combines all levels of senior care for clarity and simplicity in regulation. The new definition of “Senior Care” incorporates terms consistent with State licensing regulations, including Assisted Living Facility, Hospice In-Patient Facility and Nursing Care Institutions and Independent Living Facilities.

The term Community Residence has been amended to the updated term used by the State “Assisted Living Home.” These are small in-home senior care uses typically found in single family homes in residential neighborhoods.

The amendment deletes outdated terms for senior care uses and updates references throughout the Zoning Code.

Zoning Districts

The proposal also involves an amendment to the Table of Permitted Uses as provided in Exhibit A within the attached ordinance. In summary, Senior Care Facility is proposed as a permitted use in R-4 (Townhouse), R-4R (Resort), R-S (Residential Service), R-6 (Multi-family) and C-N (Neighborhood Commercial) based on the similarity with multi-family residential, which is permitted in these zoning districts. Furthermore, the amendment deletes the requirement for a Conditional Use Permit since these zones are intended for this character of development. The table has been amended to allow Assisted Living Homes in all single-family residential zones, consistent with State and Federal law.

Development Standards

In initiating the amendment, Town Council directed staff to evaluate and recommend additional development standards, if any, which are appropriate for senior care uses.

Senior care uses are currently permitted in zoning districts where multi-family development is allowed, which the amendment will continue to allow senior care uses in those same districts based on external similarity between these uses. As such, senior care uses will be similarly regulated as apartments or town homes in terms of open space, landscaping, building heights, setbacks and design standards, which have proven effective in creating compatibility with adjoining single-family areas.

In researching best practices, some studies supported enhanced external recreational amenities for senior care uses. The Town currently has a recreational area requirement for single-family developments, which was used as a basis for senior care uses. The existing Recreational Area Code is provided as Attachment 2 and in summary, requires 1 acre of recreational area for every 85 units.

The amendment requires active and passive amenities within these areas and allows for credits to be received for indoor amenities. Comments from industry representatives focused on reducing the amount of recreational area for assisted living and nursing care facilities. Comments from one resident focused on providing more recreational area and not permitting credits for indoor amenities.

Additional comments were received relative to operational and building aspects of these facilities, which were outside the scope of the amendment. Furthermore, the operational and building aspects are comprehensively regulated by the State, and by the Town and Fire Marshall through the International

Building and Fire Codes.

General Plan Compliance

The Zoning Code Amendment was reviewed for conformance with the Vision, Goals and Policies of the General Plan. The amendment is supported by a number of General Plan policies, as provided in the Planning and Zoning Commission staff report (Attachment 3).

Public Participation

Public notice has been provided as follows:

- All HOAs in the Town were notified of this hearing
- In the Territorial newspaper
- At Town Hall
- On the Town website

In addition to the above public notice, the amendment was distributed to industry representatives, senior care developers and interested residents. Comments received on the amendment are addressed in Attachment 3 and included as Attachment 4.

Planning and Zoning Commission Review / Action

The request was considered by the Planning and Zoning Commission on December 2nd. Comments at the public hearing focused on clarification that the amendment would not restrict a hospital from offering senior care services. The proposed language was modified to provide that clarification. At the conclusion of the public hearing, the Commission voted to recommend approval of the proposed amendment. The draft Commission minutes are provided as Attachment 5.

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to adopt Ordinance No. (O)15-01, providing for amendments to the Zoning Code to modernize definitions, modify zoning districts and improve development standards.

OR

I MOVE to deny Ordinance No. (O)15-01, providing for an amendment to the Zoning Code, based on the finding that _____.

Attachments

(O)15-01 Zoning Code Amendments - Senior Care

Attachment 2 - Existing Recreational Area Code

Attachment 3 - Planning and Zoning Commission Staff Report

Attachment 4 - Industry and Resident Comments

Attachment 5 - Draft Planning and Zoning Commission Minutes

ORDINANCE NO. (O)15-01

AN ORDINANCE OF THE TOWN OF ORO VALLEY, ARIZONA, AMENDING CHAPTER 23 ZONING DISTRICTS; SECTIONS 23.7.E.6.b RECREATIONAL FACILITIES, AND 23.8.B C-N NEIGHBORHOOD COMMERCIAL DISTRICT; CHAPTER 25, USE REGULATIONS, SECTION 25.1.E COMMUNITY RESIDENCES; CHAPTER 27, GENERAL DEVELOPMENT STANDARDS, SECTIONS 27.7.D PARKING LOTS – REQUIRED NUMBER OF SPACES FOR TYPE OF USE, AND; TABLE 27-14 ALLOWED PARKING SPACES; CHAPTER 31 DEFINITIONS; AND ADDING 25.1.X SENIOR CARE FACILITY; SECTION 27.10.D.3; DESIGN STANDARDS ADDENDUM A, SECTION 2.1.P.1 OF THE ORO VALLEY ZONING CODE REVISED 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, it is necessary to amend Chapter 23 Zoning Districts; Sections 23.7.E.6.b Recreational Facilities, and 23.8.B C-N Neighborhood Commercial District; Chapter 25, use regulations, Section 25.1.E Community Residences; Chapter 27, General Development Standards, Sections 27.7.D Parking Lots – Required Number of Spaces for Type of Use, and; Table 27-14 Allowed Parking Spaces; Chapter 31 Definitions and add Section 25.1.X, Senior Care Facility; Section 27.10.D.3; and Design Standards Addendum A, Section 2.1.P.1, to update regulations relative to senior care uses including definitions, allowable zoning districts and applicable development standards; and

WHEREAS, the proposed amendments will resolve differences between terms and definitions, update the Zoning Code to reflect federal and state law which provides for small in-home senior care, determine which zoning districts are appropriate, and evaluate appropriate special land use standards; and

WHEREAS, the Planning and Zoning Commission held a meeting on December 2, 2014, and voted to recommend conditional approval of amending Chapter 23 Zoning Districts; Sections 23.7.E.6.b Recreational Facilities, and 23.8.B C-N Neighborhood Commercial District; Chapter 25, use regulations, Section 25.1.E Community Residences; Chapter 27, General Development Standards, Sections 27.7.D Parking Lots – Required Number of Spaces for Type of Use, and; Table 27-14 Allowed Parking Spaces; Chapter 31 Definitions and add Section 25.1.X, Senior Care Facility; Section 27.10.D.3; and Design Standards Addendum A, Section 2.1.P.1, and

WHEREAS, the Mayor and Council have considered the proposed amendments and the Planning and Zoning Commission’s and finds that they are consistent with the Town’s General Plan and other Town ordinances and are in the best interest of the Town.

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

SECTION 1. that certain document entitled Chapter 23 Zoning Districts; Sections 23.7.E.6.b Recreational Facilities, and 23.8.B C-N Neighborhood Commercial District; Chapter 25, use regulations, Section 25.1.E Community Residences; Chapter 27, General Development Standards, Sections 27.7.D Parking Lots – Required Number of Spaces for Type of Use, and; Table 27-14 Allowed Parking Spaces; Chapter 31 Definitions and add Section 25.1.X, Senior Care Facility; Section 27.10.D.3; and Design Standards Addendum A, Section 2.1.P.1 of the Oro Valley Zoning Code Revised, attached hereto as Exhibit “A” and incorporated herein by this reference and declared a public record on January 7, 2015, is hereby adopted

SECTION 2. All Oro Valley ordinances, resolutions or motions and parts of ordinances, resolutions or motions of the Council in conflict with the provision of this Ordinance are hereby repealed.

SECTION 3. If any section, subsection, sentence, clause, phrase, or portion of the resolution or any part of the General Plan Amendment adopted herein 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 January, 2015.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”

ADD The following NEW Definitions to Chapter 31

SENIOR CARE FACILITY

SHALL MEAN A HEALTH CARE FACILITY PROVIDING SINGLE OR MULTIPLE TYPES OF SENIOR CARE, INCLUDING INDEPENDENT LIVING FACILITIES OR FACILITIES DEFINED AND LICENSED BY THE STATE OF ARIZONA AS AN ASSISTED LIVING FACILITY, HOSPICE IN-PATIENT FACILITY, NURSING CARE INSTITUTION OR SIMILARLY LICENSED FACILITIES.

ASSISTED LIVING HOME

SHALL MEAN A DWELLING UNIT USED AS A PRIMARY RESIDENCE FOR TEN (10) OR FEWER RESIDENTS WHO RECEIVE SUPERVISORY CARE SERVICES, PERSONAL CARE SERVICES OR DIRECTED CARE SERVICES ON A CONTINUAL BASIS.

AMEND the following existing definitions in Chapter 31

Additions shown in ALL CAPS, Deletions shown in strikethrough

Independent Living Facility

Shall mean A SENIOR CARE FACILITY WHICH PROVIDES RESIDENT BEDS OR RESIDENTIAL LIVING UNITS FOR ~~one (1) or more residential buildings containing multiple dwelling units, each of which has sleeping quarters, a full kitchen and bath, and/or sleeping units.~~ Independent living facilities are intended for, and shall be limited to, occupancy by adults who are able to live independently and do not require routine/ongoing assistance with the activities of daily living. An independent living facility must include areas for ~~full-service communal~~ dining and group activities FOR THE

~~RESIDENTS. The project must include common open space for passive recreation, including walkways, benches, and shade structures.~~

Hospital

~~Shall mean a facility for the general and emergency treatment of human ailments with bed care. and shall include sanitarium and clinic, but shall not include convalescent or nursing home.~~

DELETE the following EXISTING DEFINITIONS in Chapter 31

Skilled Nursing Care Facility

~~Shall mean a LONG TERM CARE health care facility which provides skilled nursing and supportive care (excluding substance abuse treatment) on a 24 hour a day basis to inpatients requiring such services for extended periods (see criteria/specific development standards in Section [25.1.W.](#)).~~

Rehabilitative Care Facility

~~Shall mean a health care long term care facility that provides twenty four (24) hour personal care, rehabilitation, and supportive care services, including medical supervision, for inpatients. Skilled nursing care and ongoing therapeutic treatment (excluding treatment for substance abuse), as necessary, may be~~

~~provided for patients only inhabiting the premises for a finite period (see criteria/specific development standards in Section 25.1.W.).~~

Convalescent Home or Nursing Home

~~Shall mean any place or institution which makes provisions for bed care or for chronic or convalescent care for one (1) or more persons exclusive of relatives who, by reason of illness or physical infirmity, are unable to properly care for themselves. Alcoholics, drug~~

~~addicts, persons with mental diseases and persons with communicable diseases including contagious tuberculosis, shall not be admitted or cared for in these homes licensed under the State of Arizona as a convalescent and nursing home.~~

Community Residence

~~A dwelling unit shared as a primary residence by the disabled, or disabled elderly person, living together as a single housekeeping unit in which staff provides on-site care, training and support for the residents. Such residence or services provided therein shall be licensed by, certified by, approved by, registered with, funded by or through, or under contract with the State of Arizona. Community residence does not include a residence which serves persons as an alternative to incarceration for a criminal offense, or a residence for a criminal offense, or a residence which provides drug and/or alcohol rehabilitation.~~

AMEND the following Section in Chapter 25:

Additions shown in ALL CAPS, Deletions shown in strikethrough

Section 25.1.E ~~COMMUNITY RESIDENCES~~ ASSISTED LIVING HOME

Community Residences ASSISTED LIVING HOMES shall be permitted provided that:

1. ~~No residence is located on a lot with a property line within 1,000 feet, measured in a straight line in any direction, of the lot line of another such Community Residences ; and~~

1. NO ASSISTED LIVING HOME SHALL BE LOCATED CLOSER THAN 1,000 FEET TO ANOTHER ASSISTED LIVING HOME. THE MINIMUM 1,000 FOOT SEPARATION SHALL BE MAINTAINED BETWEEN PROPERTY LINES, MEASURED ON A STRAIGHT LINE.

2. Such ASSISTED LIVING HOME residence contains no more than 6 10 residents AND AN APPROPRIATE NUMBER OF SUPPORT STAFF, ~~or 8 residents, including staff;~~ and
3. ~~Such residence is registered with, and is approved by, the Planning and Zoning Administrator as to compliance with the standards of this Section.~~
4. ~~Such residence or services provided therein shall be licensed by, certified by, approved by, registered with, funded by or through, or under contract with the State of Arizona.~~

Add the following Additional Requirements in Chapter 25, Section 25.1 for Senior Care Facility

X. SENIOR CARE FACILITY:

1. RECREATIONAL AREA: SENIOR CARE FACILITIES SHALL COMPLY WITH THE REQUIREMENTS OF SECTION 26.5.B, SECTION 26.5.C AND SECTION 26.5.D OF THE ZONING CODE.
 - a. THE TERM DWELLING UNIT IN SECTION 26.5.C. SHALL INCLUDE BEDS, BEDROOMS AND LIVING UNITS FOR THE PURPOSES OF CALCULATING THE AMOUNT OF RECREATIONAL AREA.
 - b. THE RECREATIONAL AREA SHALL PROVIDE AMENITIES TO MEET THE RECREATIONAL NEEDS RESIDENTS AND GUESTS OF THE FACILITY. THE MINIMUM RECREATIONAL AREA MAY BE DIVIDED BETWEEN MULTIPLE AREAS THROUGHOUT THE DEVELOPMENT.
 - c. SENIOR CARE FACILITIES ARE EXEMPT FROM PRIVATE OUTDOOR LIVING SPACE REQUIREMENTS OF THE APPLICABLE ZONING DISTRICT.

Additional minor amendments throughout the Zoning Code to change references to deleted or modified uses have been incorporated as follows:

Additions shown in ALL CAPS, Deletions shown in strikethrough

Section 23.7.E.6.b. Recreational Facilities

Wherever there is constructed a multiple dwelling which has twenty (20) or more dwelling units, there shall be provided on the lot site of said multiple dwellings a play area for children. Said play area shall be separated from any private access ways and public streets by a fence or wall. The tot lot requirement ~~may~~ SHALL be excluded from a ~~senior citizens development~~ SENIOR CARE FACILITIES.

Section 23.8.B. C-N Neighborhood Commercial District

1. Floor Area Limits

...

- c. The aforementioned square footage limits do not apply to buildings used for residential, public, institutional, civic, office, ~~rehabilitative and skilled nursing care~~ AND SENIOR CARE purposes.

Section 27.7.D. Parking Lots – Required Number of Spaces for Type of Use

1. Residential Parking Requirements: Residential uses shall provide a minimum number of parking spaces as defined by the standards below. Any increase or decrease in parking shall be in accordance with subsection C.2 of this section.

...

- e. Boarding Houses/Group Homes /Religious Quarters/~~Mature Adult Retirement Quarters/Rehabilitative/Skilled Nursing~~ SENIOR Care Facilities: One (1) per bedroom or bed plus one (1) for-each four (4) bedrooms or beds for guest parking, plus two (2) for every three (3)-employees.

Table 27-14 Allowed Parking Spaces

Health Facilities

...

~~b. Long Term Care Facilities. 33/bed, 1 per employee based on maximum shift~~

Design Standards Addendum "A", Section 2.1.P.1

P. ~~Senior Housing/Assisted Living~~ SENIOR CARE FACILITY Design

1. ~~Independent living, assisted living, and skilled nursing~~ SENIOR CARE Facilities, including ~~continuum of care facilities~~, shall provide the following features and amenities:

Section 27.10.D.3.f.vi.b).5.B).vii).(C).(5).(c)

(c) ~~Hospitals/extended~~ SENIOR Care Facilities exceeding two (2) stories or thirty (30) feet in height.

Amend Table 23-1 as follows:

EXISTING																			
TABLE 23-1: Permitted Uses																			
SPECIFIC USE TYPE	R1-300	R1-144	R1-72	R1-43	R1-36	R1-20	R1-10	R1-7	R-4	R-4R	R-S	R-6	C-N	C-1	C-2	PS	T-P	POS	ADDL REGS
Community Residences	P	P	P	P	P				P	P									Section 25.1 E
Independent Living Facility									C		C	P	C						
Rehabilitative Care Facility											C	C	C						
Skilled Nursing Care Facility											C	C	C						

PROPOSED (AREAS OF CHANGE SHADED)																			
TABLE 23-1: Permitted Uses																			
SPECIFIC USE TYPE	R1-300	R1-144	R1-72	R1-43	R1-36	R1-20	R1-10	R1-7	R-4	R-4R	R-S	R-6	C-N	C-1	C-2	PS	T-P	POS	ADDL REGS
Community Residences	P	P	P	P	P				P	P									
Assisted Living Home	P	P	P	P	P	P	P	P	P	P									Section 25.1 E
Independent Living Facility									C		C	P	C						Section 25.1 X
Rehabilitative Care Facility											C	C	C						
Skilled Nursing Care Facility											C	C	C						
Senior Care Facility									P	P	P	P	P						Section 25.1 X

Section 26.5 Provision of Recreational Area

A. Applicability

The provision of recreational facilities shall be required of all residential subdivisions, except those located within the R1-36, R1-43, R1-144, and R1-300 Zoning Districts.

B. Recreational Area Plan Submittal and Approval

1. The developer shall submit a recreational area plan as part of the preliminary plat. This recreational plan shall include minimum improvements for recreational purposes as required by subsection D of this section.
2. The recreational area plan shall be submitted at the time of preliminary plat submittal and shall be reviewed by the Town Council concurrent with the preliminary plat.
3. Approval of the plan by the Town Council, after review and recommendations by the Parks and Recreation Advisory Board (for public recreational areas) and the Conceptual Design Review Board (for private recreational areas), shall be a prerequisite to approval of the final plat.
4. All recreational area plans shall be reviewed by the Oro Valley Police Department (OVPD) for conformance to CPTED design elements contained in subsection D.5 of this section.
5. Modification of Facilities and Amenities Depicted on the Approved Recreational Area Plan
 - a. Modifications deemed necessary and beneficial to provide for the recreational needs of residents are subject to approval by the Parks, Recreation, Library and Cultural Resources (PRLCR) Director and Planning and Zoning Administrator.
 - b. All modifications shall conform to the provisions of this code.

C. Minimum Recreation Area Standards

1. An area shall be devoted to and designated as "recreational area" on the conceptual site plan final subdivision plat which equals a ratio of one (1) acre to every eighty-five (85) dwelling units.
2. The recreational area shall be usable and accessible by all subdivision residents and shall provide amenities that best serve the needs of the development.

3. Upon review and recommendations from the Parks and Recreation Advisory Board, the Town Council may allow environmentally sensitive open space (ESOS) to be credited toward the recreation requirements of this section, subject to the provisions of the environmentally sensitive lands ordinance (ESLO). The applicant may receive a credit for this property at a one to one (1:1) ratio for a maximum of one hundred percent (100%) of the required recreational area.

Credit may be obtained only when the following criteria are met:

- a. The area shall be determined to contain significant, unique and desirable environmental, scenic or cultural features.
- b. The area shall be delineated as common area, designated with a conservation easement, with ownership to be held in common by the homeowners association or the town.
- c. The area shall be accessible via sidewalk, walking path, trail, and/or bicycle or shared use path by all residents within the project.

D. Recreational Area Plan Standards

1. Site Location

- a. Recreational areas shall be a focal point for passive and active recreational activities, and provide a meaningful place for neighborhood gatherings and activities. Recreation areas shall be placed in a highly visible area of the subdivision that is accessible via sidewalk, walking path, trail, and/or bicycle or shared use path by all residents within the project.
- b. Linear parks, as defined by this code and described in subsection [D.2.h](#) of this section, are acceptable when they serve to improve access to recreational amenities and open space networks.
- c. Passive recreation areas should be located in proximity to natural open space areas and conserved, environmentally sensitive lands.
- d. Recreational areas shall not include land, such as peaks, ridges, land fragments, land restricted by Town policy, condition or ordinance, and land determined unusable for recreational purposes by the Mayor and Town Council. Shallow retention basins (flood prone areas) may be approved for use as recreational areas subject to recommendations by the Town Engineer and Planning and Zoning Administrator. Decisions may be appealed to the Town Council.

- e. In cases where a recreational area lies adjacent to a trail identified within the Eastern Pima County Trails System Master Plan and/or the Oro Valley Trails Task Force Report and their subsequent updates, a connection shall be provided between the recreational area and said trail.

2. Recreational Facilities Improvement Standards

- a. Recreational area improvements shall be appropriate to the anticipated needs of the development.
- b. Equipment installed within the recreational areas shall comply with the provisions of the Americans with Disabilities Act (ADA).
- c. Provision of one (1) active and one (1) passive amenity for the first half (1/2) acre or portion thereof. For every additional half (1/2) acre (not fractions), an additional passive and active use shall be provided up to the maximum provided by the following subsections:
 - i. A single park area may contain up to five (5) passive amenities. Examples of passive amenities include turf areas, benches, picnic tables, shade structures, barbecue grills, pathways, etc.
 - ii. A single park area may contain up to three (3) active amenities. Examples of active amenities include basketball courts, volleyball courts, bocce courts, horseshoe pits, par courses, etc.
- d. Detailed schematics shall be provided for each proposed amenity with the final plat.
- e. Credit for Enhanced Amenities

Credit for the additional cost of enhanced recreational amenities, including community swimming pools, splash pads, skate/BMX parks, fully improved sports fields, and other amenities approved by the Planning and Zoning Administrator, may be obtained against the recreation area requirement in subsection [C.1](#) of this section based on the following criteria:

- i. The applicant shall submit a cost estimate summarizing the following:
 - a) Value of the land and cost of the improvements and amenities that would be required by this code.
 - b) Value of the land and cost of the improvements and enhanced amenities proposed as alternative means of compliance.

- ii. Credit for the additional cost of the enhanced amenities may be received in the form of a reduction to the required recreation land area.
 - iii. The extent of the credit shall be determined by the value of the enhanced amenity as determined by the Town. The maximum reduction of recreation area requirement is one-half (1/2) acre.
- f. Credit for improved indoor recreational space may be obtained subject to the following criteria:
- i. Improved community recreation rooms, community centers, gymnasiums, performance space, or other recreation space accessible to all residents of a development shall receive credit at a ratio of three to one (3:1) against the area requirement contained in subsection [B.1](#) of this section.
 - ii. Each active and passive amenity contained within an indoor recreational space shall receive a credit to the recreational amenity requirements contained in subsections [D.2.b](#), [D.2.c](#), and [D.2.d](#) of this section at a one to one (1:1) ratio.
- g. When appropriate to the needs of the residents, tot lot amenities shall be required. Tot lots shall include, at a minimum:
- i. Play equipment area.
 - ii. Drinking fountain.
 - iii. Seating area (may include benches or seat walls) oriented towards the play equipment.
 - iv. Trash receptacle(s).
 - v. Bicycle parking with a four (4) bicycle minimum capacity.
 - vi. Picnic table.
 - vii. Limited turf area for activity areas only (less than fifteen percent (15%) of total recreational area) may be provided.
- h. Linear parks may be utilized to satisfy the recreational requirements of this section. Required amenities include, at a minimum:
- i. A shared use path for pedestrians and bicyclists.

- ii. Seating area.
 - iii. Landscaping.
 - iv. Drinking fountain, if located within one hundred (100) feet of a potable water line.
 - v. Trash receptacle(s).
 - vi. Pet waste removal station(s).
 - vii. Exercise stations may be located within linear parks.
- i. The location of the amenities along a linear park is subject to the approval of the Planning and Zoning Administrator and PRLCR Director.

3. Play Equipment Standards

- a. Applicant shall submit evidence that play equipment complies with the current American Society for Testing and Materials (ASTM) safety standards for playground equipment.
- b. Playground surface materials, including certified wood fiber, shredded rubber, poured-in-place surfacing, or other acceptable material approved by the PRLCR Director, shall be placed at a minimum depth of twelve (12) inches under the equipment.
- c. No play equipment shall be located within thirty (30) feet of any road right-of-way, driveway or alleyway, parking area, or single-family residential lot or single-family residential zone unless an acceptable barrier is provided.
- d. Play equipment or apparatus with a footprint of two hundred fifty (250) square feet or less must be fully shaded with a UV-resistant sun shade or other appropriate shading material or structure as approved by the Planning and Zoning Administrator and Permitting Division.
- e. At least fifty percent (50%) of play equipment or apparatus must be fully shaded with a UV-resistant sun shade or other appropriate shading material or structure as approved by the Planning and Zoning Administrator and Permitting Division. This requirement shall be applied only to play equipment or apparatus with a footprint of two hundred fifty (250) square feet or greater.
- f. To maximize the safety of children, play spaces shall be located as to provide maximum visibility from surrounding homes.

- g. Play equipment shall not be located on a slope greater than four percent (4%).
4. Paved on-site or on-street parking adjacent to the recreation area shall be provided as follows:
- a. For developments of one hundred (100) dwelling units or less: one (1) parking space for every twenty (20) dwelling units or portion thereof.
 - b. For developments with more than one hundred (100) units: one (1) additional parking space for every forty (40) dwelling units or portion thereof over one hundred (100).
 - c. Mobility-impaired accessible spaces shall be provided as required in Section [27.7.E](#).

5. Crime Prevention Through Environmental Design (CPTED) Elements

- a. Recreational area design shall consider the following CPTED elements:
 - i. Natural Surveillance. Emphasis on visibility of the recreational facilities, also known as “eyes on the street,” to deter unauthorized users and activities.
 - ii. Access Control. Use of design elements to deny entrance to recreational facilities to unauthorized users and activities.
6. All recreational areas shall post at least one (1) sign at the primary entrance(s) stating:
- a. Hours of operation.
 - b. Park/recreational area rules.
 - c. Trespassing notice for unauthorized users, including citation of applicable ordinances/statutes.
 - d. Notice that all dogs must be kept on a leash (unless an approved off-leash area has been designated).
 - e. Emergency (911) contact information to report suspicious or criminal activity.
 - f. If recreational area is privately operated, homeowners association contact information to report maintenance or safety issues.
7. If a neighborhood watch exists, a sign shall be posted at the primary entrance(s) to the recreational area.

8. If the recreational area abuts an environmentally sensitive lands (ESL) area, a sign shall be posted every one hundred (100) feet at the border of the ESL area. The sign shall conform to the ESL sign requirements per the environmentally sensitive lands ordinance (ESLO).

9. If provided, restroom facilities shall be located in a highly visible area and shall be free of shrubs that reach a mature height greater than three (3) feet.

10. All lighting shall be consistent with the standards of Section [27.5](#) and must be turned off by 10:00 p.m.

11. If no lighting is provided, recreation area hours shall be limited to daylight hours only and shall be posted on the informational sign(s) at the park entrance(s) required by subsection [D.6](#) of this section.

((O)11-15, Amended, 5/18/11)



Zoning Code Amendment Planning and Zoning Commission Staff Report

CASE NUMBER: OV714-009

MEETING DATE: December 2, 2014

AGENDA ITEM: 2

STAFF CONTACT: Chad Daines, AICP, Principal Planner
cdaines@orovalleyaz.gov (520) 229-4896

Request: Zoning Code amendment to update regulations relative to senior care uses including definitions, allowable zoning districts and applicable development standards.

Recommendation: Recommend approval as provided on Attachments 1 and 2.

SUMMARY:

Town Council initiated this Zoning Code amendment last year to update and clarify definitions, locations and land use standards for senior care uses. Specifically, the amendment was intended to address the following zoning regulations related to senior care uses:

- Resolve differences between terms and definitions used in the Town of Oro Valley and those used by the State.
- Update the Zoning Code to reflect federal and state law which provides for small in-home senior care uses within all residential neighborhoods.
- Determine which zoning districts are appropriate.
- Evaluate appropriate special land use standards as warranted

In summary, the proposed amendment (Attachments 1 and 2) provides for an update to senior care requirements as follows:

- Establishes a single definition for “Senior Care Facility” which encompasses all levels of care.
 - Deletes outdated terms and definitions for senior care uses and adds/amends definitions for consistency with State licensing terms and definitions.
 - Updates the Table of Permitted Uses to provide for senior care uses in appropriate commercial and residential zoning districts.
 - Establishes a requirement for senior care uses to provide recreational area(s) with amenities to serve residents of the facility.
-

BACKGROUND:

The Town of Oro Valley Zoning Code currently allows various types of senior care uses including independent living, skilled nursing and rehabilitative care. Over time, the terms and definitions used by the State in licensing senior care uses have changed, but the Zoning Code has not been amended to remain current. As a result, the Zoning Code does not address all potential senior care uses and contains outdated terms and definitions no longer used by the State. This has resulted in the need for administrative decisions to resolve areas where the Zoning Code is in conflict with State licensing terms. The amendment resolves such differences in terms and definitions, updates zoning district allowances and includes recreational area standards for senior care uses.

Research of other towns and cities reveals that many local governments still contain outdated references to senior care uses. Additionally, there is a wide range in allowable zoning districts, open space, parking and whether conditional use permits are required. Finally, development standards for senior care uses vary significant between jurisdictions. Attachment 3 provides a summary of other jurisdictions regulations in regard to senior care uses.

DISCUSSION/ANALYSIS:

This section of the report is divided into the main areas of the amendment; Definitions, Zoning Districts and Development Standards.

Definitions

From a land use standpoint, there is little external difference between the various levels of senior care in terms of site function, design, parking, landscaping and impact of adjoining areas. Additionally, trends in senior care utilize a model wherein multiple levels of care are provided within a single development and a resident advances to a higher level of care based on their changing needs. Based on these factors, the main elements of the amendment can be summarized as follows:

- A single definition of “Senior Care Facility” combining all levels of senior care is recommended for clarity and simplicity in regulation.
- The new definition encompasses facilities providing for single or multiple levels of care within a single development and is intended to accommodate small to moderate sized facilities.
- Larger senior care developments (e.g. Splendito) typically utilize a Planned Area Development zoning to establish tailored development standards to accommodate the unique scale and size of the facility.
- The new definition “Senior Care” incorporates terms consistent with State licensing regulations, including Assisted Living Facility, Hospice In-Patient Facility and Nursing Care Institutions.

- The definition also incorporates independent living facilities, which are not licensed by the State. The definition of Independent Living Facility has been amended for consistency with the balance of the amendment.
- The existing definitions for Skilled Nursing, Rehabilitative Care and Convalescent Home or Nursing Home have been deleted as these uses are all encompassed within the updated term “Nursing Care Institution”.
- The term Community Residence has been amended to the updated term used by the State “Assisted Living Home”. These are small in home senior care uses typically found in single family homes in residential neighborhoods.

Zoning Districts

The proposal also involves amendment to the Table of Permitted Uses as provided on Attachment 2 and summarized as follows:

- The table has been updated to reflect the new definition combining all senior care uses into a single use category.
- The table has been amended to delete outdated use category terms.
- “Senior Care Facility” is listed as a permitted use in R-4 (Townhouse), R-4R (Resort), R-S (Residential Service), R-6 (Multi-family) and C-N (Neighborhood Commercial) based on the similarity with multi-family residential, which is permitted in these zoning districts. The existing code allows senior care uses in these districts as illustrated on Attachment 2. The design standards (e.g. setbacks, building heights, open space) will apply to senior care uses and create compatibility with adjoining single-family areas.
- The amendment deletes the requirement for a Conditional Use Permit as these zones are intended for this character of development.
- Senior Care Uses are not permitted in higher intensity commercial or technology park zones to preserve these areas for retail, service and technology park uses.
- The table has been amended to allow Assisted Living Homes in all single-family residential zones, consistent with State and Federal law.

Development Standards

As stated previously, senior care uses are externally analogous to multi-family development. Senior care uses are currently permitted in zoning districts where multi-family development is allowed and the amendment will continue to allow senior care uses in those same districts based on external similarity between these uses. As such, senior care uses will continue to be comprehensively regulated in terms of open space, landscaping, building heights, setbacks and design standards which have proven effective in creating compatibility with adjoining single family areas.

In initiating the amendment, Town Council directed staff to evaluate and recommend additional development standards, if any, which are appropriate for senior care uses. Staff conducted significant research to identify best zoning practices related to the external environment for senior care uses. Most of the best practice literature for senior

care uses relates to the internal environment for these uses. Some anecdotal research supports enhanced external recreational amenities for senior care uses, which became the focus of this portion of the amendment.

The Town currently has a recreational area requirement for single-family developments which was used as a basis for the recreational area requirement for senior care uses. The existing Recreational Area code is provided as Attachment 4 and summarized as follows:

- A recreational area is required equal to a ratio of 1 acre of recreational area for every 85 units. The amendment clarifies that a unit includes bed, bedrooms and other senior care living units.
- Passive and active amenities are required based on the size of the recreational area.
- The requirements are proportional to the size of the facility, leading to equity.
- Flexibility exists within the existing code to require amenities to be tailored for appropriateness to the anticipated needs of the development. This flexibility will enable senior care use to propose amenities that support senior living in relation to their specific development.
- A recreational area plan is required as part of the site plan to confirm the required area and amenities.
- Although the existing standards were originally drafted for single-family residential development, the standards are also appropriate for senior care uses given the flexibility of tailored amenities and credits for indoor or enhanced recreational facilities such as swimming pools, theaters or gymnasiums.
- Recreational areas, once improved, can count toward the open space requirements of the zoning code. For reference, the open space requirements for the applicable zoning districts is provided as Attachment 5.

Minor references: A number of amendments to update terms and references throughout the Zoning Code are included on Attachment 1. The Parking Code contains two conflicting parking standards for senior care uses. The more comprehensive parking standard has been retained and the other deleted.

GENERAL PLAN COMPLIANCE

The Zoning Code Amendment was reviewed for conformance with the Vision, Goals and Policies of the General Plan. Listed below is a summary of the applicable Goals and Policies in italics, followed by staff commentary:

Goal 1.3 To promote a compatible mix of land uses throughout the Oro Valley Planning Area.

Staff Comment: The amendment addresses this goal through the inclusion of the range of senior care uses in appropriate locations.

Policy 1.4.7 The Town shall ensure that increased densities approved for high density residential projects are based on reducing the negative impacts on adjacent

lower density residential projects and providing additional landscaping, open space and amenities.

Staff Comment: Although this policy is written directly for high density uses, such as apartments, senior care uses have some analogous characteristics with multi-family development. As the amendment provides for these uses in zoning districts which allow townhouse/multi-family development, the site will be subject to many standards currently used to mitigate impacts on adjoining residential areas. Additionally, the requirement for recreational area and amenities to support senior care uses will reduce impact on adjoining areas, consistent with this General Plan policy.

Policy 7.1.3 The Town shall continue to require apartment and condominium developments to incorporate recreational facilities and other amenities to serve residents...

Staff Comment: Senior care uses have some analogous qualities with multi-family development. As such, the requirement for recreational area and amenities to support senior care uses is consistent with this General Plan policy.

PUBLIC PARTICIPATION:

Public notice has been provided as follows:

- All HOAs in the Town were notified of this hearing
- Public hearing notice was posted:
 - In the Territorial newspaper
 - At Town hall
 - On the Town website

In addition to the above public notice, the amendment was distributed to industry representatives, senior care developers and interested residents. Comments received on the amendment are included as Attachment 6 and summarized in italics followed by staff comment, as follows:

- *Some industry representatives expressed concern with the amount of recreational area required, particularly with regard to assisted living and nursing care institutions. These comments were based on an opinion that residents within assisted living and nursing care institutions have less mobility and do not need as much recreational area as independent living facilities. It was requested that the recreational area for assisted living and nursing care institutions be reduced (see Attachment 6 and Attachment 7 LRS Architects Suggested Revisions).*

Staff Comment: The residents of these facilities have an equal need for recreational space and therefore the reduction is not supported by staff. The amendment includes flexibility allowing amenities to be tailored for a specific facility's needs. Additionally, the proposed amendment allows for credits at a 3:1 area ratio for indoor recreational areas.

- Favorable comments have been received from some industry representatives.
- *A number of comments were received from one resident relative to internal building and safety concerns.*

Staff Comment: Internal building design and safety issues are outside the scope of zoning. With regard to building and fire codes, most of these uses are classified as Institutional occupancies which are highly regulated by the Town and Fire Marshall. The International Building Code and International Fire Code address primary life-safety issues such as tripping/falling hazards, ingress/egress, accessibility, emergency systems such as lighting, and fire protection (fire sprinklers) and warning systems. Building and fire codes establish minimum requirements, which are exceeded in many cases. Based on the extensive and comprehensive regulation of these uses by the International Building and Fire Codes, additional internal building code regulations are not recommended.

- *A number of comments were received from one resident relative to concerns with operational aspects of these uses.*

Staff Comment: Operational aspects related to senior care uses are outside the scope of zoning. The State Department of Health Services has extensive rules and regulations which comprehensively address all operational aspects of senior care uses including: service plans, medication services, behavioral health, environmental standards, staffing, training, resident rights, transport, medical records, nutrition, emergency and safety and physical plant requirements. Based on the extensive and comprehensive regulation of these uses by the State Department of Health, additional operational regulations are not recommended.

- A number of zoning related standards were suggested by one resident as follows:
 - *Requirement for a minimum property size of 20 acres to accommodate open space and serve the recreational needs of the facility.*

Staff Comment: This suggestion could be excessive for smaller facilities and is not supported by staff. The recreational area required by the Code proportionally increases as the facility size increases and in staff view provides an adequate amount of recreational area to serve residents based on the proportional size of the facility.

- *Allow senior care uses in C-1 and C-2 zoning districts.*

Staff Comment: The purpose statements for C-1 and C-2 indicate that these areas are intended for office and retail uses. C-2 indicates an emphasis on shopping centers and group commercial developments. As such, these districts should be retained for these purposes.

-
- *Do not permit senior care immediately adjacent to single-family residential subdivisions.*

Staff Comment: Senior care uses are similar in character to a multi-family residential development, which in many cases is an appropriate transitional land use adjacent to single-family residential areas.

- *Do not permit small in home care of seniors.*

Staff Comment: State and federal law require the Town treat assisted living homes equivalent to single-family residences.

- *Require parking spaces in senior care developments be covered.*

Staff Comment: This would create a separate unique standard for senior care different than other permitted uses. If the Town were to pursue such a standard, staff would recommend this issue be approached comprehensively for all uses as part of a future amendment.

- *If swimming pools are provided, they should be located indoors only based on safety and climate concerns.*

Staff Comment: This standard is not supported by staff as it precludes outdoor swimming pools that can be appropriately designed to address safety and climate concerns.

RECOMMENDATION:

Based on the following findings:

- The proposed amendment will resolve differences in terms and definitions between the Town Zoning Code and State Law
- The proposed amendment updates the Zoning Code and eliminates outdated terminology and definitions.
- The proposed amendment provides for recreational amenities to serve the needs of the residents within senior care facilities
- The proposal is consistent with the relevant Goals and Policies of the General Plan.

It is recommended that the Planning and Zoning Commission take the following action:

Recommend approval to the Town Council of the requested Zoning Code Amendment OV714-009 as provided on Attachments 1 and 2.

SUGGESTED MOTIONS:

The Planning and Zoning Commission may wish to consider the following suggested motion:

I move to recommend approval of the Zoning Code Amendment in Attachments 1 and 2 related to senior care uses, based on the findings in the staff report.

OR

I move to recommend denial of the Zoning Code Amendment in Attachments 1 and 2 related to senior care uses, as the request does not meet the finding that

ATTACHMENTS:

1. Proposed Amendment – Definitions and Standards
2. Proposed Amendment – Table 23.1 Permitted Uses
3. Other Jurisdiction Research
4. Existing Recreational Area Code
5. Open Space Comparison
6. Industry and Resident Comments
7. LRS Architects Suggested Revisions

Bayer Vella, Interim Planning Manager

Attachment 4 Industry and Resident Comments

DESIGN WITH INTEGRITY

PLANNING DESIGN INTERIORS ARCHITECTURE

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Portland OR 97209 www.lrsarchitects.com

MEMORANDUM

To: Chad Daines

Town of Oro Valley

Project Name: Senior Care Zoning Amendment - 2nd Draft

Project Number: 211351

Subject: X. 1. a. Recreational Area

Date: Wednesday, November 19, 2014

Remarks: Implementation

Section X.1.a. mandates that the recreational area provided for senior care facilities comply with section 26.5.B, which was developed for residential subdivisions. Implementation of this requirement across the senior care facility gamut does not seem to respond to the actual needs of the facilities.

The areas required to satisfy section 26.5 C.1. are noted at "... (1) acre to every eighty-five (85) dwelling units." Assuming a sleeping unit, resident bed and/or residential living unit constitutes a dwelling unit for the purposes of the area requirement; I have compared calculations for our recent memory care project, Catalina Springs Memory Care, in your town.

The attached site plan shows a 2.6 acre site with a 27,000 square foot building on it. The building provides two 50' by 50' secure landscaped courtyards with areas of hard surface for use by wheelchairs and walkers. Inside the building are Family Lounges, Living Rooms and Activity Areas for the residents and their visitors. These spaces total 8,000+ square feet, which translates to 167 square feet (10'x16'-6") of area per sleeping unit.

In addition, and per TOV zoning regulations, the site is ringed with sidewalks and four bench areas are provided. If a resident has an escort, there is ample opportunity for more "activity" than they can handle.

For this project, the number of sleeping units is 48, which would require .56 acres of "useable" recreation area. That acreage equates to 24,598 square feet. As noted above the entire building is 27,000 square feet. As the landscaped area between the building and the two major roads is heavily planted as required by other areas of the town code, additional land would need to be purchased to satisfy the recreational area requirement. Land that would likely go unused by the facility.

The clientele for senior housing varies greatly, thereby having the abilities and activity levels vary just as greatly. Memory care facilities are staffed to provide near constant watchfulness for the safety of the residents. A thoughtful design with sight lines and limited distances for staff access to residents is the optimum plan for resident safety.

I encourage you to consider the clientele's capabilities of the numerous types of senior care facilities and provide appropriate recreational requirements per usage if you want to encourage or even accommodate senior facilities in the town.

Respectfully submitted by:

Gail Boger
Project Architect

Chad,

This is so well organized and thought out. Really, I do not have anything to add. This is impressive and covers the different product types very well. The only issue that I have seen, which is outside of City Codes, is that often the Residential Homes (for 10 or less is not very well regulated and often have patients would need higher levels of care.

Oro Valley will be a model for other communities with this work product.

Senior Living facilities and communities will continue to be a larger market share. I have spent much of my career trying to explain what we were and were not, as we pioneered various product types. Please let me know what you think of our community in Oro Valley when you tour. I loved developing Splendido at Rancho Vistoso and the entire Council and staff visited our project at Grayhawk in Scottsdale several times as we got everything underway. Let me know and best to you.

Sharon Harper – Plaza Companies

Chad,

Our long term care ombudsman reviewed the changes and said that the definitions are consistent with the changes the state is making. She didn't have any other comments.

Carolyn

Carolyn Cortesi, MPA
Director of Community Initiatives
Pima Council on Aging (PCOA)
8467 E. Broadway Blvd., Tucson, AZ 85710
ccortesi@pcoa.org
Direct Line: 520.258.5060
Help Line: 520.790.7262
PCOA Fax: 520.790.7577

Say Rick,

It appears Oro Valley is in the process of adopting development guidelines for Alzheimer's and other senior care facilities.

Some of the proposals are below. All of them would have, if instituted, killed the feasibility of the project we're now building. The setbacks are enormous. (Oddly, they'd utterly defeat the mobility of the population they're intended to serve).

So just a head's up, as this can dramatically AND adversely affect the value of and ability to develop your property on Oracle.

Best.Jim Ekberg jweassoc@comcast.net

From: Gail Boger [<mailto:gboger@lrsarchitects.com>]
Sent: Wednesday, April 16, 2014 4:41 PM
To: Williams, David
Cc: Daines, Chad
Subject: Zoning re Senior Housing

David,

It was good talk with you regarding the zoning amendments for senior housing.

I have attached the zoning ordinance for Portland, Oregon that pertain to senior housing. This does not address the medical facility uses, just housing.

As we discussed, my first impression when reading the amendments was that Oro Valley did not want senior housing.

Other thoughts:

The definitions for the facilities needs to reference Senior Care Health Care Institution.

It is not clear how a memory care facility is classified or could benefit from the site requirements set out.

A 1,000 foot long 10 foot wide walking path is not likely to receive any resident use in a memory care;

Walking paths need to be hard surface to provide for walkers, wheelchairs and unsteady footing in all senior settings, the size prescribed would be quite expensive;

A 25' building setback from parking and access aisles adds considerably to the land required and will discourage façade play, we typically vary between 10' and 20';

What benefit the 120' and 75' setbacks provide is unclear except to increase the land required for a facility;

How active the residents are can depend on operations and intended clientele, this tends to be market driven. Mandating particular facilities is not necessarily providing a better environment for the residents and in fact may stand unused;

A local facility included a children's play area for the neighborhood then rescinded due to liability concerns. It stood unused until it was removed a few years later;

The greatest concern is that the land requirements can drive up the facility cost which in turn drives up pricing possibly making these housing options prohibitively expensive for certain economic brackets.

As I suggested, read the state regulations, and there are separate ones for assisted living and long term care. The state does not prescribe the types of activity and usage for any type of licensed facility. I think this is an important point to note.

The vast majority of facilities, while a business, do care greatly about the quality of services they are providing to a vulnerable population.

We at LRS are always working to create the best possible environments for the aging population. We have found that over-prescribed and/or excessive regulations do nothing to further that cause.

Thank you for the opportunity to comment.

Gail

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Thank you Rosevelt,

Chad had sent the drafts last week. The property owners and I have had some conversation about the proposal.

I wish that my colleague and I could present to the planners there a senior housing overview.

There are a few undefined terms/concepts in the wording that could lead to confusion in trying to satisfy the requirements. For instance, do resident beds and residential living units equate to dwelling units for application of 26.5(C)(1)?

Another one is that an Independent Living facility (which usually means just that, independent requiring no assistance and not licensed by the state) usually does not offer a full-service communal dining room. The developer may decide to have a club house if the rent range can support the extra amenity cost. And how many residents are to be seated in a full-service communal dining setting, 100%, 50%? That could add considerable square footage, a.k.a. dollars, to the project, again raising the rents to pay for the project.

Again, providing a variety of facilities with a range of amenities, that are market driven, is the best way to provide housing to a variety of economic ranges.

Thank you for the opportunity to comment. As I talk more with the developer, I will convey additional information if appropriate.

Gail

Let me start this summary with the Permitted Use Chart. Any retirement facility, be it independent, assisted or skilled nursing, should not be located immediately adjacent to small lot, residential sub divisions.

Retirement facilities are commercial enterprises. They have regular supply visits from a variety of vendors like a large retailer. They have emergency vehicles that arrive day and night to attend to 911 calls. Sirens in a neighborhood is alarming to residents, and should be minimized, by locating retirement or Senior Care facilities in a C-1 or C-2 zone. There should be enough space - as stated in draft 1 - to allow a landscaped walking, viewing path for residents without pedestrian, vehicular conflicts from within the district. So, Splendido is ideally located near a large wash; LaPosada is ideally located on a parcel adjacent to a wash. Desert Springs is poorly located, and Fairwinds/Desert Point is marginally acceptable with adjacency to roadways through nearby apartment complexes. But the area is heavy sloped, and the

roadways are busy, which makes walking any distance uncomfortable and unlikely. The All Seasons facility is very poorly located, and is questionable as to what actual level of service they intend to provide. But enjoying the outdoors in a relatively secluded, landscaped area is clearly not part of their service, but should be part of the development review process.

I do not support private homes being converted into assisted care facilities. I've been in such homes visiting unfortunate people there. The rooms are small - too small for comfort to allow for some one to sit in a comfortable Chair to read or sofa to watch TV or work on a computer. The rooms were designed probably for kids, but older people especially with mental or physical difficulties, need to feel "like home" to the extent possible. That means units need to be designed for that purpose, not converted from a different purpose.

I appreciate that this use of a private home in this way represents a financial opportunity for some. My concern is for the well being for the patients. This should be part of the Home Occupation process where it could receive more individual scrutiny. Private home does not provide the size of lot that would permit a patient, even with assistance, to walk outside, sit in a garden comfortably and quietly. Most homes are not on larger lots, and walking would involve neighborhood streets, some of which are unsuitable for walking for an unsteady individual. Particularly if a walker, cane or wheel chair is necessary.

The definition of Independent may be boilerplate wording from somewhere, but I believe that the language " do not require routine/ongoing assistance " is simply incorrect. Independent is interpreted as "taking care of oneself", but many people living in independent units hire care-givers who come in daily or periodically to help them everything from shopping, dressing, bathing as well as walking with them to steady their experience. This removes the facility from providing such assistance, as would be the case if that individual moved into assisted living. Many people prefer the larger independent living apartments, and will pay to get the assistance they need in order to stay where they are.

Independent facilities allow this accommodation. In some cases, the care giver even lives within the apartment. Why is this relevant to your preparing of a code? Independent care facilities do keep track of their residents. If their newspaper isn't picked up daily at a normal time; if they are not seen at the dining room or in meetings or picking up their mail, for example, staff will call them or ring their doorbell. This is service and caring. If a person has a care-giver that is noted, but not forgotten.

I believe the sentence that indicates that an independent care facility must provide full service dining and group activities is fine, but needs to be more fully explained, as I tried to do in Draft 1. Activities that are for multiple people is necessary, but activities for individuals...be it exercising, reading in the lobby or in a library or walking their dog has to be provided by the design of the facility. All Seasons; Desert Springs and numerous other places outside of Oro Valley have not designed facilities for "care"...only "living", which isn't good enough considering the expense, and the expectations of the family that maintains some contact and responsibility. I've toured facilities here and all over that offer an outside swimming pool, which is unattended; a small exercise room with a tread mill, bike or matt for stretching that is unsupervised. This isn't care; it's allowing the residents to take risks when they use facilities, and a Town that authorizes this sort of use, must be aware of what level of care - not just "living" - is provided.

As I've said, I oppose allowing homes to be converted into assisted living. People who are hired by these homes to provide the assistance are credentialed, as a general statement, but they are not supervised. How often do we read about abuse, and that occurs when personnel are not supervised. It's a hard job working with the elderly, and it can become a real test for those who take on the task of caring for someone. I've witnessed what I would consider "abuse" at other facilities and even here at Splendido by care-givers who simply appeared to "snap".

The section on Recreation is incomplete, and needs to differentiate recreation as appropriate for elderly, whether assisted or independent, what amount of space is necessary. Remember, that walking is the primary individual activity, and there simply must be a continuous walking path within a professionally landscaped, tree shaded area with views, gardens where quiet is a memorable experience. Putting greens, for example, are under used as a percentage of all residents. These are expensive to maintain in

an attractive manner, and I prefer to delete them as even a suggested amenity. Apartments independent care should have balconies, and the design of units must be such that apartments can have a clear view of the sky; a landscaped courtyard or open space...not a view of someone else's living room. Units should not be over or next to a loading dock or delivery area or bordering a busy roadway like Oracle, Lambert, LaCanada or LaCholla. Walkways must be smooth and not have cracks where cement sections have been joined. Walkers, shoes can stick causing a fall or, just as bad, fear.

IN closing, the design of a retirement facility that includes service to care for individuals must not be squeezed into available space. The space must be expanded to allow caring to occur, and I've tried to emphasize the importance of the outdoor experience; supervision, and a variety of activity space that is necessary.

Bill

Chad

The chart includes skilled nursing, independent and rehabilitative care. To be clear, rehabilitative care is skilled nursing. Somebody who has back surgery, a hip or shoulder replacement would go into a skilled nursing section that provides that rehabilitative care. There are offices that specialize in rehabilitative care, which is often for amputees or severe brain injuries. I just wanted to be sure that the three stated care levels still require assisted living to be complete. Memory care is also included in skilled nursing, but does require specialists. Again, there are offices that specialize in memory care only. We have hospice facilities and memory care facilities in Oro Valley, although I've not toured them.

Bill

Chad: To try to clarify, my position has been, and is, that there be a minimum size requirement for Senior Care facilities in order to ensure sufficient space for the recreational needs of residents. I don't believe I intended to maintain that 20 acres of open space was a requirement for recreation; 20 acres is my minimum parcel size for any senior living facility believing that, after parking, there will sufficient space for a walking experience without residents leaving the property. I think a minimum size requirement is justified. A All Seasons, Mountain View, Desert Point or Desert Springs ought to convince anyone of how inadequate those facilities are. That's not to say that people won't still rent units in those facilities; it's the level of care consideration that the town ought to insist upon.

Bill

Chad

Although it is probably more complicated for you, I'm going to be sending you comments as I develop them from reading portions of your draft.

I'll start with where I did some months ago.

"Care" and "Living" are not the same. We should apply "care" to all descriptions, and not "living". Care is the service these organizations provide; not "living".

I also don't believe "home" should be introduced as another descriptive term. All facilities in the category deliver "care"...assisted, independent care are different levels of care, and those differences must

become clear in other sections of this draft. The Town does not want a "buyer beware" atmosphere to prevail when previewing any care facility in Oro Valley.

The word "home" carries an implication that the facility is a converted private residence. If it is, I oppose that use being approved, and should not be considered. A private home cannot provide the insulation, privacy and yet responsiveness a facility designed for that purpose does especially for assisted care. A topic for the 17th.

Because independent care doesn't require a license from the State doesn't mean they shouldn't be expected to deliver "care", and the Town needs to be clear about that. This a topic for your meeting on the 17th. People that choose independence may be frail, unstable and have dementia symptoms. Their rooms need to have grab bars, security alarms, and the housekeeping staff need to be trained to observe signs of either falling, dropping things, spillage, slippage from throw rugs.

Finally, in this segment, I'd like to focus upon the use of the recreation code to apply to this category. It Cannot and should not.

Recreation within a Senior Care facility is either supervised or unsupervised...not passive or active. Unsupervised recreation is walking outside. The first requirement of a Senior Care facility is to have sufficient property to allow comfortable walking on the property. Gentle hills - nothing like Innovation Park, where All Seasons plans to build. At least twenty acres of space that allow residents to view, rest as well as walk ON THE property. A properly sized and facilitated dog park is necessary with small balls, bones for dogs to play with or retrieve. Walking within the property is critical because each resident is given an emergency pendant to wear or carry with them. The emergency pendant is effective to alert staff ANY WHERE ON THE PROPERTY when someone is having personal difficulty breathing, standing, walking and needs help. Once off the property, the pendant begins to be out of reach electronically. Senior Care facilities that are developed on small parcels make it necessary for residents to leave the grounds of the facility to walk, which complicates getting help should they need it. This is for Independent as well as assisted residents.

Supervised recreation is indoor swimming or exercise within a carefully equipped exercise room with trained staff on duty to help, and create exercise programs for every stage of independence or assistance. Exercise within a Senior Care facility is a very different experience than at Gold's Gym or Anytime Fitness. Recreation includes thinking and talking, and all Senior Care facilities must have a card room for board games, a billiard room, and casual meeting places for discussion, lectures, musical presentations...things that residents in a Senior Care facility can't get out into the larger community to participate. Lighting must be adjustable; ventilation must be good with central air and not window units like many facilities. A movie theater is necessary for slide shows, DVD presentations as well as full length movies offered by Netflix.

There should be a bank branch in-house; a wellness center for discussion with staff about symptoms and treatment.. If the facility has a section for assisted care or skilled care or memory care away from the independent areas of the campus, those facilities need to have access to the walking paths, but with supervision, need to have their own exercise facility and program development; own entrance, dining and laundry facility.

As you noticed when you toured Splendido, the hallways are wider in the living quarters for assisted and skilled care; chairs all have wheels to be moved easily. Private rooms are smaller to make places more accessible, and easier for staff to help. Units for independent residents may have balconies with four to five foot metal fences except on the ground floor. No balconies outside of units in assisted or skilled care. No sliding glass doors without a metal fence half way up the doorway.

Staffing a Senior Care facility is more expensive because of the training staff requires. They are dealing with continuously people who may not hear, see, understand or pay attention. This is a stressful environment for anyone, but staff people - whether housekeeping or being part of the wait staff in the dining room - need training. This is "the Care" part of the service of all of these facilities.

In later memos, I'll talk more about things like dining, for example. Some facilities have buffet services, which is impossible for assisted and many independent residents. The facility must be prepared to take orders; fill them and deliver them to each resident. A nutritionist is required to be sure elderly get healthy meals, and not just what they may like or want.

But initially I wanted to give space to this topic of recreation which is very important - and even more important than in an apartment complex.

Bill

Senior Care – Definitions

Long Term Care requirements are not routinely significantly different than assisted living. Both will be equipped to handle persons for a matter of years on a continuing basis. A facility will treat a person who is unable to live independently the same whether their condition is referred to as Long Term Care or Assisted Living. A person in such a circumstance may not need daily care from a physician, but is taking medicine directed by a physician and may acquire conditions that require a physician's participation. The conditions in the Assisted Living or Long Term Care will be the same in order to be prepared for declining health factors that require them. A facility is not going to have different living facilities for Long Term Care and Assisted Living. Long Term Insurance policies do not differentiate, and reimburse at the same rate. A person needing rehabilitation short term may be admitted to Assisted Living.

I don't believe Residential Care should be lumped into Assisted Living. Assisted Living is more intense and differently staffed and facilitated, as described previously. As also commented earlier, Assisted Living should not be limited to a number of beds or units. An apartment for Long Term Care might be more than one bedroom, for example, indicating that the condition of the person involved is not demanding a simpler, more compact life style. Assisted Living is typically like a hotel room with a living, sleeping space with a bathroom. Skilled Nursing is like a hospital room with a chair or two, bed and bathroom.

Multi-Use Care: If in the same building, the sections should be restricted access. There are important safety and life style aspects. There should be separate entrances for guests with separate administrative offices and waiting rooms.

I don't agree that Oro Valley should allow in-home assisted living. Regardless of how the patient room is configured, this is an incompatible use within an otherwise conventional residential neighborhood. The level of care, and the condition of the patients is so very different from a healthy neighborhood with active adults and families, the inclusion of assisted living is simply unhealthy. A home may not provide the necessary privacy, insulation and separation of one patient's situation from another. An unhealthy situation. In assisted living, people are not expecting or requiring a social environment, unlike independent living. Although licensed by the State, I don't feel Oro Valley should allow it.

Independent Living I've commented upon in an earlier submittal. In essence, the definition here is too similar to an apartment living environment. People who choose to live in a "retirement" community with independent living units are not "self-sufficient"...a very important distinction. These are people whose physical condition, mental alertness and other disorders require a level of attention that supports, rather than simply reacts, to residents. People on duty within an independent living residence are more than security staff. These are people who can assist with

people who become disoriented, confused, lost, fall. The units are equipped to provide emergency alarms, grab bars and easier to use appliances.

2) 25.1 W

In order to be clear, I don't think we should introduce another term, "Senior Care Facilities". It is important that the separate divisions within multi – use care (residential, assisted, independent, memory and skilled nursing) are referred to as defined. In other words, a facility may have a promotional name, such as Splendido or Desert Point, but then is identified as providing the care services as defined. It is also crucial that the facility be identified as CCRC or not. Continuing Care Retirement Community is one that provides the three levels of care {Independent, Assisted living and Skilled Nursing} with a payment program that allows for transition from one to the other with no change in your monthly service fee. Pay for Service arrangements, which are more typical, may have a lower entry fee and monthly service fee, but then a patient pays more to move to the higher level of care as required by their condition. In this definition, Memory Care is typically part of skilled nursing and would include the Alzheimer patients.

3. Location

I understand the setback increases. If you visit Mountain View at LaCanada and Magee Road, you'll see that the setbacks – although larger – have no impact upon noise, glare/light. That is why I have commented earlier that the minimal lot size for these kinds of developments needs to be 20 acres in order to naturally provide more open space, berms (note the north boundary of Splendido) and adequate parking away from the living units (Mt. View). An incentive to have a smaller lot could be if the development included an underground garage or parking facility. The distance to parking is a troublesome problem for residents at Splendido particularly in the hot weather. Splendido will provide a golf cart service to parking with 15 minutes' notice, which is inconvenient.

5. Recreation

Swimming pools and hot tubs need to be inside or fully shaded. Elderly should not be exposed to the sun. A

Way too many facilities have fully exposed swimming pools and they are less used. Exercise rooms for seated volley ball, ping pong or other mild exercise space needs to be separate from meeting room, dining room spaces. Mechanical exercise equipment needs to be explained carefully before use and a patient needs to provide a physician's approval before use. A full time attendant should be on duty to check people in and out, and to ensure that use of the facility is within a patient's capacity. This is not Gold's Gym where people come and go and are on their own judgment as to what is good exercise. Outdoor recreation should be limited to walking trails and small putting greens of artificial turf.

Garden areas for patient use and maintenance are an excellent option. Bird feeding stations maintained by residents is another past time. Space for artistic development and creations should be available with storage of resident materials and work in progress. This could include musical instrument practice or recital. One or two dog parks should be provided. Dogs are very common, but can't run freely. These take up space, but are the qualitative differences between Oro Valley facilities and most in Tucson. I feel a development in Oro Valley should provide these amenities and not "credit" as stated in b. & d.

3)

6. Required Amenities. I believe I've touched upon this above. This should be an important CDRB determination. If a good variety of supervised or passive recreational activities as

suggested, and as you've stipulated, are not included, conditions of approval should be added. A walking path on the grounds is very important. Residents must be provided with an emergency alarm pendant that they wear when on the grounds and can use to identify their location should they become dizzy, faint or sick. If the minimum size for the lot is approved, the walking paths can be circuitous and of sufficient length.

The walking paths should be of sufficient distance to keep the resident on the property rather than having them go on to a sidewalk adjacent to the roadway where they are out of range of the pendant, and could fall or stumble into traffic. I notified police of such a person wandering within a shopping center parking lot; didn't know where his car was or where he wanted to go.

b. I'm not sure I understand the use of the word, "Playground". An outdoor exercise "course" is not recommended since its use is unsupervised.

e. Although Council has the authority to override any condition to coincide with their judgment, in this particular type of use, they should be discouraged from doing so. Less active opportunities is better than more passive, as suggested above.

7. Walls / Screening. Fences of a decorative nature would be preferable to walls. People living in these circumstances are less sensitive to being seen, and are more sensitive to seeing out. Fences are important to keep wildlife out of the living areas and walking areas. Other than birds and rabbits, wildlife can unnerve many who don't see well, and can be startled by a relatively harmless javelina or bobcat. Distance from living units is the best preservation of privacy and is the primary reason for a minimum size lot for this use.

Thanks for your consideration of my thoughts. I certainly would like hear more from you when time allows.

Bill Adler
4-5-14

Table: 23-1 Permitted Uses Proposed

Any form of housing for people requiring supervision, care at any level should be on a minimum of 20 acres. Buildings should be designed with sufficient space within and around, including sizable courtyards, to afford views of the sky, vegetation and a sense of openness. Openness may include seating areas with shade structures and small gathering areas with seating for eight to ten people. This 20 acre minimum is regardless of the zoning district.

It would be my belief that placing care facilities within a higher density residential district, C-1 or 2 Commercial districts is a mistake. Congestion of development results in more traffic which limits freedom to walk casually in a relaxed, less noisy environment. Higher surrounding density is likely to result in noise from adjacent residential neighborhoods, which is undesirable and an unhealthy distraction.

I oppose any care facility of any description in a Commercial district. Convenience of shopping is not as important to people in a care facility as quiet and space. These places provide van transportation. If the facility is across the street from a Hospital, the individual needing a doctor's care still would need to be transported by ambulance or a provided car. Van transportation is provided to restaurants and shopping. Closeness is not vital.

I oppose permitting a care facility at any level “by right”. The surrounding area; neighboring development and the condition of the proposed land are too relevant and only be permitted by conditional approval.

“Multi use” facility needs to distinguish between a facility providing a Continuing Care program or a Fee for Service program. This is highly relevant. A definition of both must be provided. Independent Living requires facilities that are supervised 24 – 7 by people able to respond to medical needs. Independent Living is not an apartment complex. Independent is defined in the industry as someone who can dress, eat and bathe on their own. They may, however, require “in home care” on a frequent basis as well as live-in care givers. They may require a walker, cane. So, an independent living facility has to have staff and unit design that accommodates people who move slowly and often with assistance. Facilities must take in to account by design that independent living includes people who have trouble seeing, hearing and may have early forms of dementia. In other words, independent is “relative”, and definitely includes people who no longer prefer a home environment that requires their own supervision and management; an environment where assistance with accidents of a personal or facility nature are attended to quickly and as part of the service. An individual may be allowed within independent living with a spouse who provides the day to day supervision of one who is in a wheel chair, for example, and needs help with prescriptions at various times, meal preparation, dressing and bathing. The facility still needs by its own design and staffing an ability to respond to urgent needs either for personal or medical assistance.

2)

The distinction that is proposed between residential, independent and long term care is a distinction without a difference. ALL individuals in any of these living facilities require care, supervision and assistance. Some more frequently than others, for sure. But the distinction is blurred and will not lend itself to an attempt at a rigid definition and certainly will not conform to differences in levels of supervision, qualification, unit design and need.

As I say above, “assisted” living has more to do with the frequency of care delivered, and this should not be lumped into a “residential” care category.

Everyone who lives in a facility needs assistance of one kind or another often on a daily basis. As noted, people move into a facility with relative problems of memory loss, cognitive thinking deterioration, and various levels of physical disability. This is Independent Living.

Chad – It would be very helpful if you could have lunch or dinner – preferably dinner – here with some residents in independent living so that the deficiencies common in independency can be observed. This would be easy to arrange through Nancy Boyle.

I would emphasize that not any form of care facility – regardless of description – be “permitted”.

All of these are CARE facilities, and cannot be lumped by definition into categories where supervision, alertness to need and patience is minimized. Your definitions tend to do that.

In other words, all independent living facilities need to accommodate what you describe as Long Term, residential, and multi-use.

Assisted Living is a much more intense level of attention; much more heavily staffed with LPNs uniformly on duty and an RN in supervision. Assisted living needs to have its own dining facility for ease of access; an entirely different exercise room, as well as equipment to help with resuscitation, taking vital signs and so on. It needs to have relatively easy access to an enclosed space outside with some shade structure. It may also have its own hot tub or wading pool, but this isn’t essential.

Assisted living may be designed in concert with independent facilities, but the patients in each ought to be kept separate from one another only because of the much more frequent need of attention and detail of service in assisted living.

I don't believe that the Town ought to assign a number of assisted living patients that is permitted. This is a growing need, and the patient is often in assisted living for years; not just a few months. I would maintain that an assisted living facility – whether alone or in combination with independent – should be on 20 acres for the same reasons as noted at the beginning. These people need quiet and few distractions. This imposes a cost that I am fully aware of, but the essential quality here is CARE, not cost.

Bill Adler 4-5-14

I'm satisfied with the limited scope of the proposed amendment. The internal standards will have to evolve following a more intense review of the ADA requirements. Right now, my complaint with most standards internally is their inexpensive design from ceiling fans, to window A/C units to shower and bathroom fixtures including toilets; lighting; single pane - insufficient window insulation and glare prevention. Noise between units and above/below units is extremely cheap insulation when the entry fee and monthly fees for "continuing care" are taken in to account. Hallway monitoring TV isn't available. I find elderly people sitting - leaning against walls or the floor having trouble breathing when its hot walking from the parking lot, for example. Unless they have a pendant - and many forget it - they're helpless.

Many service tasks are assigned to teenage kids with little knowledge of health issues that could arise at any time. This is a huge surprise to me. Kids that serve meals in either a dining room or in - house within the assisted living area are ill equipped to respond to symptoms of illness. Cutting corners on cost in this fashion is inexcusable, and need to be upgraded at some point. There's more, of course. What was mentioned last night by Council member Waters with regard to a conversion operation from apartment to assisted living - I visited that place in Santa Fe - all the money is in the lobby, fixtures and common area appearance. The Livability needs of residents is a low priority, but you wouldn't know that from the brochure or the tour. Similar shortcomings in design are very apparent with any critical tour of either the Mountain View, Santa Catalina Villas; Desert Point or Desert Springs facility.

I doubt these latter subjects will ever be taken up without citizen pestering. The elderly is one of those many "out of sight; out of mind" issues.

Bill

**MINUTES
ORO VALLEY PLANNING AND ZONING COMMISSION
REGULAR/STUDY SESSION
December 2, 2014
ORO VALLEY COUNCIL CHAMBERS
11000 N. LA CANADA DRIVE**

REGULAR SESSION AT OR AFTER 6:00 PM

CALL TO ORDER

Chairman Cox called the December 2, 2014 session of the Oro Valley Planning and Zoning Commission Special Session to order at 6:00 PM.

ROLL CALL

PRESENT:

Don Cox, Chairman
John Buette, Vice-Chairman
Greg Hitt, Commissioner
Bill Rodman, Commissioner
Bill Leedy, Commissioner
Frank Pitts, Commissioner
Tom Drazazgowski, Commissioner

ALSO PRESENT:

Joe Hornat, Council Member
Council Liaison Lou Waters, Vice - Mayor
Bayer Vella, Interim Planning Manager
Joe Andrews, Chief Civil Deputy Attorney
David Laws, Permit Division Manager
Chuck King, Inspection Division Manager

PLEDGE OF ALLEGIANCE

Chairman Cox led the Planning and Zoning Commission members and audience in the Pledge of Allegiance.

CALL TO AUDIENCE

There were no speaker requests.

COUNCIL LIAISON COMMENTS

Council Member Hornat expressed a thanks to Chairman Cox and Vice-Chair Buette's for time served on the Planning and Zoning Commission.

2. PUBLIC HEARING: A ZONING CODE TEXT AMENDMENT RELATED TO SENIOR CARE USES. THE PROPOSED AMENDMENT INVOLVES MODIFICATIONS TO CHAPTER 31 (DEFINITIONS), TABLE 23-1 (PERMITTED USES) AND SECTION 25.1 (DEVELOPMENT STANDARDS) OF THE ORO VALLEY ZONING CODE REVISED (OVZCR). THE PROPOSAL ALSO INCLUDES AMENDMENT TO REFERENCES THROUGHOUT THE ZONING CODE RELATED TO SENIOR CARE USES, OV714-009

Chad Daines, Principal Planner, presented the following:

- Reason for Request
- Proposed Solution
- Common senior care elements
- Similarities with multi-family
- Permitted Zoning Districts
- Recreational Area
- Stakeholder Review
- General Plan Policies
- Recommendation

Chairman Cox opened the public hearing.

Don Bristow, Oro Valley resident, expressed his concern with the different in levels of care within the categories. Mr. Bristow went onto comment that with the different of levels, they are still being treated all as one and where these categories are placed is going to be very critical. The presentation showed nothing but pictures of apartments and town houses. Senior care facilities are not necessarily apartments and town houses. The definition of senior care is not well thought out and does not fit the real world of senior care. The impact on the neighborhood and residential area has not been taken into consideration.

Lisa Isreal, Non-Oro Valley resident, commented that she agrees with the previous speaker and expressed concern with the ever changing definitions of healthcare. To lock in the definitions may pose a problems later. The definition of senior care facility and hospital takes away the flexibility of hospitals to provide in-patient hospice and skilled nursing as the market changes. The definitions restrict flexibility for the future.

Chairman Cox closed the public hearing.

MOTION: A motion was made by Commissioner Rodman and seconded by Vice-Chairman Buette to recommend approval of the Zoning Code Amendment in Attachment 1 and 2 related to senior care uses, based on the findings in the staff report

with a modification of changing the word "institution" for the word "facility" where ever it may appear.

MOTION carried, 7-0.



Town Council Regular Session

Item # 3.

Meeting Date: 01/07/2015
Requested by: Shirley Seng **Submitted By:** Shirley Seng, Water
Department: Water

Information

SUBJECT:

PUBLIC HEARING: RESOLUTION NO. (R)15-07, AUTHORIZING AND APPROVING INCREASES IN THE WATER RATES, FEES AND CHARGES FOR THE TOWN OF ORO VALLEY WATER UTILITY

RECOMMENDATION:

On November 10, 2014, the Water Utility Commission voted unanimously to recommend that Council approve the proposed increase in water rates, fees and charges included in the Preferred Financial Scenario. Staff also recommends Council-approval of the attached resolution with the water rate changes and increases in accordance with the Preferred Financial Scenario.

EXECUTIVE SUMMARY:

Pursuant to A.R.S. § 9-511.01 and on December 3, 2014, the Council adopted a Notice of Intent to increase water rates which established a public hearing for January 7, 2015. The Water Rates Analysis Report was made available for public review by placing a copy of the report in the Town Clerk's office, the Water Utility Office and on the Water Utility's webpage, and it was also published in the Daily Territorial on December 10, 2014.

The Water Rates Analysis Report includes the Preferred Financial Scenario in Appendix B, which proposes a decrease to the Groundwater Preservation Fee (GPF) and an offsetting increase to the commodity rate. This change is directly related to the recent changes to the impact fees. Transferring GPF revenues to the impact fee fund is no longer necessary and provides an opportunity to better manage the cash balances in the Water Utility operating fund.

The combination of the proposed decrease in the GPF and the proposed increase in commodity rates will reduce the average residential customer's bill by \$0.03 per month, and the average commercial customers will see a reduction of \$0.60 per month. There will be no increase or change to reclaimed water customers' bills because the proposed decrease to the GPF directly offsets the increase to the commodity rate.

High water use residential and irrigation customers will experience increases in their monthly bills. These increases are moderate and are consistent with conservation pricing for high water use customers.

If the attached resolution and the proposed rates are approved, then the new rates, fees and charges will become effective February 7, 2015.

BACKGROUND OR DETAILED INFORMATION:

In accordance with the Mayor and Town Council Water Policies, Water Utility staff review water rates and charges on an annual basis. The Commission evaluates staff recommendations based on a rates analysis to assure the recommendations meet Town policies and bond covenants. The Oro Valley Water Utility Commission voted unanimously on a recommendation for the Preferred Financial Scenario in the Water Rates Analysis Report. The Preferred Financial Scenario in Appendix B of the report includes financial projections for a five-year period; however, water rates are approved annually for the first year of this five-year projection period.

The following summarizes the proposed changes in water rates and service fees for FY 2014-15:

- o Decrease in the potable and reclaimed Groundwater Preservation Fee (GPF)
- o Increase in the potable and reclaimed commodity rates
- o No increase in the monthly base rates for potable and reclaimed water
- o Increase in the potable and reclaimed construction water rates
- o Increase in meter installation fees to recover costs
- o Increase in residential security deposits for non-property owner accounts
- o Increase in residential security deposits for landlord accounts

The combination of the proposed increase in commodity rates and the proposed decrease in the GPF will reduce the average residential customer's bill by \$0.03 per month, as well as the average commercial customer's bill by \$0.60 per month. Residential and irrigation customers with high water use will experience increases in their monthly bills. There will be no impact to reclaimed water customers because the proposed increase and decrease are offsetting.

Residential security deposits for non-property owner accounts are proposed to increase from \$100 to \$150. Residential security deposits for landlord accounts are proposed to increase from \$50 to \$75. These proposed deposit increases reduce risk to the Water Utility and are commensurate with final balances due on typical water bills for these customers. Meter installation fees are also proposed to increase to recover labor and material costs incurred to provide the service.

A significant change this year is that the revenue from the GPF is accounted for in the Water Utility Operating Fund. In prior years, the revenue was accounted for in the Alternative Water Resources Development Impact Fee Fund. This change is a direct result of the recent changes to the Water Utility impact fees, specifically the Alternative Water Resources Development Impact Fee, which provided an opportunity for the Water Utility to have a fixed debt service obligation on the reclaimed water system that is solely repaid by GPF revenue. Therefore, the Water Utility has the opportunity to decrease the GPF, which offsets the increases in the commodity rates.

The benefits of the proposed Preferred Financial Scenario are as follows:

- o Does not create any increase in water bills for the majority of our customers - only high water use customers will be impacted
- o It will no longer be necessary to transfer GPF funds to the Alternative Water Resources Development Impact Fee Fund
- o Better manages the fund balances within the Water Utility Operating Fund

If the attached resolution and proposed rates are approved, the new rates, fees and charges will become effective February 7, 2015.

FISCAL IMPACT:

The majority of Water Utility customers will see a small decrease in monthly water bills. Reclaimed water customers will see no change in water bills. High water use customers will see low to moderate increases.

Adoption of the proposed water rates will generate minimal increased revenue because the decrease in the GPF offsets the increase in the water rates (commodity rate). The proposed rate changes will still

generate sufficient revenue to meet the Utility's revenue requirements. The increase in meter installation fees will recover the costs associated with new meter installations. The increase in security deposits will reduce the Utility's financial risk associated with landlord and tenant accounts. All proposed rates, fees and charges are designed to maintain the financial stability and fiscal health of the Town's Water Utility.

SUGGESTED MOTION:

I MOVE to (approve or deny) Resolution No. (R)15-07, authorizing and approving increases in water rates, fees and charges for the Town of Oro Valley Water Utility.

Attachments

(R)15-07 Water Utility Rate Increases

Exhibit 'A' - Rates

Water Rates Analysis Report

RESOLUTION NO. (R)15-07

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE TOWN OF ORO VALLEY, ARIZONA, AUTHORIZING AND APPROVING INCREASES IN WATER RATES, FEES AND CHARGES FOR THE TOWN OF ORO VALLEY WATER UTILITY

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

WHEREAS, pursuant to ARS § 9-511, *et seq.*, the Town finds it necessary to increase water rates, fees and charges for the Oro Valley Water Utility, which increases are described in Exhibit "A" attached hereto; and

WHEREAS, on December 3, 2014, Mayor and Council approved Resolution 14-60, providing Notice of Intent to increase water rates, fees and charges; and

WHEREAS, on January 7, 2015, Mayor and Council held a Public Hearing to deliberate and vote on the proposed increases in water rates, fees and charges.

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

SECTION 1. The Oro Valley Water Utility increases in water rates, fees and charges, as described in Exhibit "A" attached hereto and incorporated herein by this reference, are hereby authorized and approved.

SECTION 2. The Mayor and other administrative officials of the Town of Oro Valley are hereby authorized to take such steps as are necessary to implement the increases in water rates, fees and charges.

PASSED AND ADOPTED by the Mayor and Council of the Town of Oro Valley, Arizona this 7th day of January, 2015.

TOWN OF ORO VALLEY

Dr. Satish I. Hiremath, Mayor

ATTEST:

APPROVED AS TO FORM:

Julie K. Bower, Town Clerk

Tobin Sidles, Legal Services Director

Date: _____

Date: _____

EXHIBIT “A”

EXHIBIT " A "

RATES FOR THE ORO VALLEY WATER UTILITY

BASE RATES POTABLE & RECLAIMED	
METER SIZE (in inches)	BASE RATE
5/8 x 3/4	\$14.19
3/4 x 3/4	\$21.29
1	\$35.48
1.5	\$70.95
2	\$113.53
3	\$227.05
4	\$354.77
6	\$709.54
8	\$1,135.26

COMMODITY RATES - POTABLE WATER				
RESIDENTIAL & IRRIGATION CLASSIFICATIONS				
METER SIZE	COMMODITY TIER 1 \$2.27 per 1000 gallons	COMMODITY TIER 2 \$3.10 per 1000 gallons	COMMODITY TIER 3 \$4.23 per 1000 gallons	COMMODITY TIER 4 \$5.76 per 1000 gallons
5/8 x 3/4	0 - 7,000	7,001 - 16,000	16,001 - 32,000	OVER 32,000
3/4 x 3/4	0 - 10,000	10,001 - 24,000	24,001 - 48,000	OVER 48,000
1	0 - 17,000	17,001 - 40,000	40,001 - 80,000	OVER 80,000
1.5	0 - 35,000	35,001 - 80,000	80,001 - 160,000	OVER 160,000
2	0 - 56,000	56,001 - 128,000	128,001 - 256,000	OVER 256,000
3	0 - 112,000	112,001 - 256,000	256,001 - 512,000	OVER 512,000
4	0 - 175,000	175,001 - 400,000	400,001 - 800,000	OVER 800,000
6	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	OVER 3,500,000
8	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	OVER 3,500,000
COMMERCIAL CLASSIFICATION			\$2.27 per 1000 gallons for all water use	
MASTER-METERED MULTIFAMILY CLASSIFICATION			\$2.27 per 1000 gallons for all water use	
CONSTRUCTION WATER			\$6.76 per 1000 gallons for all water use	

COMMODITY RATES - RECLAIMED WATER	
ALL RECLAIMED WATER USES & CLASSIFICATIONS	\$ 2.23 per 1000 gallons for all water use

GROUNDWATER PRESERVATION FEES	
POTABLE WATER	\$ 0.90 per 1000 gallons for all water use
RECLAIMED WATER	\$ 0.47 per 1000 gallons for all water use

EXHIBIT "A"

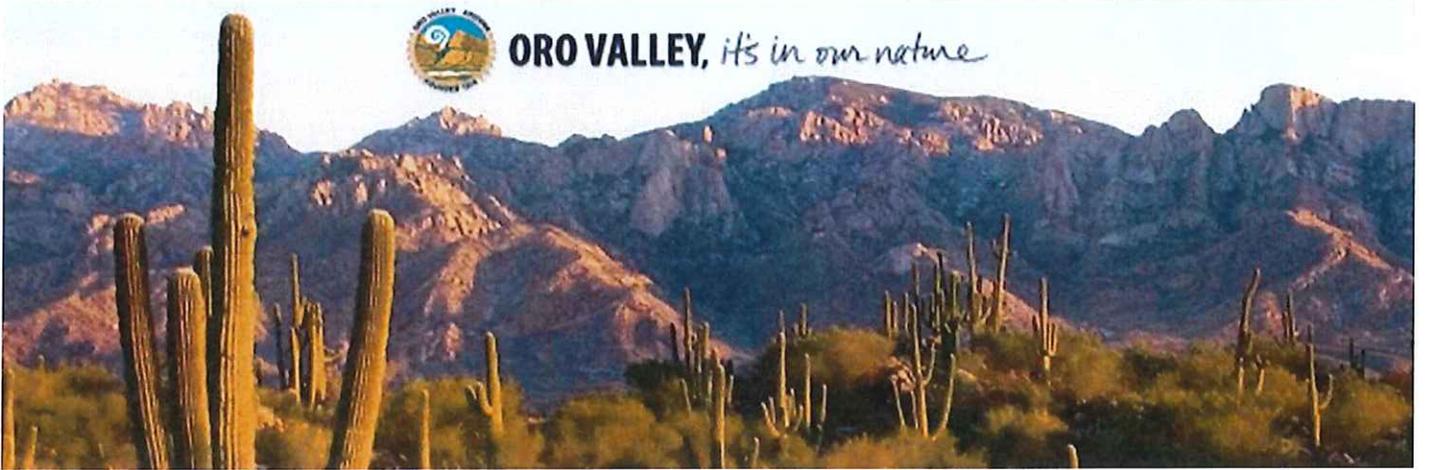
SERVICE FEES & CHARGES FOR THE ORO VALLEY WATER UTILITY

SECURITY DEPOSITS

Non-Property Owner Accounts	\$150.00
Landlord Accounts	\$75.00

METER INSTALLATION FEES

Meter Size	Meter Type	Fees
5/8 x 3/4	standard	\$299.25
3/4 x 3/4	standard	\$312.75
1	standard	\$376.75
1.5	irrigation (turbine) T2	\$1,111.73
1.5	high use (compound) C2	\$1,571.73
2	irrigation (turbine) T2	\$1,261.73
2	high use (compound) C2	\$1,792.63
3	irrigation (turbine)	\$1,637.33
3	high use (compound)	\$2,222.33
4	irrigation (turbine)	\$3,038.37
4	high use (compound)	\$3,745.37
6	irrigation (turbine)	\$5,442.85
6	high use (compound)	\$6,442.85
8	irrigation (turbine)	\$8,398.60
8	high use (compound)	\$9,698.60



TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT

NOVEMBER 2014

**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2014**

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
Richard Davis, Vice Chair
Javier Arriaga, Commissioner
Anne Campbell, 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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**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2014**

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 (AWRDIF Fund)
- Potable Water System Development Impact Fee Fund (PWSDIF Fund)

Each fund is individually analyzed with regard to revenue and revenue requirements. The Utility is an enterprise of the Town and generates revenue from rates, fees and charges and does not receive revenue from any taxes or payments from the General Fund.

The Water Utility Commission has made a recommendation for a Preferred Financial Scenario. Under the Preferred Financial Scenario, the Operating Fund will have an ending cash balance of \$1.6 million at the end of the five-year projection period. The cash balance of Groundwater Preservation Fees at the end of the five-year projection period is \$5.8 million. The Preferred Financial Scenario includes cash funding for all capital projects except the Advanced Metering Infrastructure (AMI) and Meter Replacement Project which is funded by a loan from the Water Infrastructure Finance Authority of Arizona (WIFA). The Preferred Financial Scenario proposes no other new debt for capital expenditures.

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 they are included in the analysis.

The Preferred Financial Scenario results in increasing cash balances in the AWRDIF Fund and the PWSDIF Fund. These cash balances will be used to finance capital projects to meet the demands of new growth and development. Pursuant to Arizona Revised Statute 9-463.05, revenue from the

individual impact fee funds may not be consolidated nor used for any purpose other than for which they were originally established.

The Preferred Financial Scenario includes five year projections for each fund and evaluates 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 the following recommendations on water rates for FY 2014-15:

- Decrease in the potable and reclaimed Groundwater Preservation Fee (GPF)
- Increase in the potable and reclaimed commodity rates
- No increase in the monthly base rates for potable and reclaimed water
- Increase in the potable and reclaimed construction water rates
- Increase in meter installation fees to recover costs
- Increase in residential security deposits for non-property owner accounts
- Increase in residential security deposits for landlord accounts

Current and proposed commodity rates and GPF are provided in the table below:

Table 1

Customer Classifications	Current Commodity Rate	Proposed Commodity Rate	Increase (Decrease)
Single Family Residential			
Tier 1	2.23	2.27	0.04
Tier 2	3.01	3.10	0.09
Tier 3	4.07	4.23	0.16
Tier 4	5.49	5.76	0.27
Irrigation			
Tier 1	2.23	2.27	0.04
Tier 2	3.01	3.10	0.09
Tier 3	4.07	4.23	0.16
Tier 4	5.49	5.76	0.27
Commercial	2.23	2.27	0.04
Master Metered Multi-Family Residential	2.23	2.27	0.04
Turf	2.23	2.27	0.04
Construction	6.49	6.76	0.27
All Reclaimed Classes	2.20	2.23	0.03
Groundwater Preservation Fee – Potable	0.95	0.90	(0.05)
Groundwater Preservation Fee - Reclaimed	0.50	0.47	(0.03)

Cost per 1,000 gallons

With a small increase in commodity rates and a decrease in the GPF, the financial impact of the proposed rates for the average residential customer is a decrease of \$0.03 per month. The average residential customer has a 5/8 x 3/4-inch meter and uses 8,000 gallons of water per month. The average commercial customer with a 2-inch meter using 60,000 gallons of water will experience a \$0.60 decrease per month. Tables providing the financial impact to all meter sizes and customer classifications may be found in Appendix C.

The Commission presents this Water Rates Analysis Report for the review and consideration of the Mayor and Council. The Oro Valley Water Utility Commission is proud to serve the Town of Oro Valley, its citizens and the customers of its water utility.

**TOWN OF ORO VALLEY
WATER UTILITY COMMISSION
WATER RATES ANALYSIS REPORT
NOVEMBER 2014**

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. Revenue for this fund includes water sales, service fees, miscellaneous charges and interest income. The Utility does not receive any revenue from taxes or money from the Town General Fund. 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. The Utility pays the General Fund for services received including finance, human resources, fleet services, information technology, legal, insurance and rental of office space. Groundwater Preservation Fee (GPF) revenue is accounted for within the Operating Fund. GPF revenue is currently dedicated to fund capital expenditures for renewable water resources and related debt. Under current policy, this revenue may not be used to pay for operating costs. More information on the GPF may be found on page 10 of this report.

The Alternative Water Resources Development Impact Fee Fund (AWRDIF) was established in 1996 to manage capital expenditures related to alternative water resources including reclaimed water and Central Arizona Project (CAP) water. Revenue for this fund is received from impact fees collected at the time water meters are purchased and from interest income. Based on the recent impact fee analysis, expenditures include capital repayment obligation charges for the Town's CAP allotment and infrastructure and associated debt service to deliver CAP water to the Town for future growth and development.

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

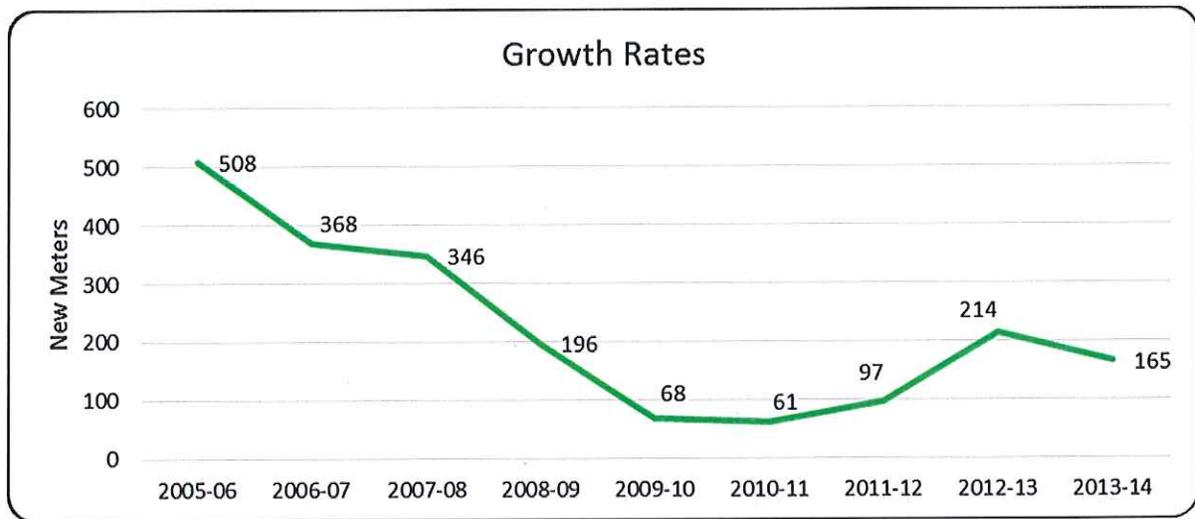
The revenue and expenditures of all three funds are combined to determine if the Utility meets the debt service coverage requirement established in the Mayor and Town Council Water Policies and

current bond covenants. Otherwise, each fund is independent with regard to revenue and expenses. Pursuant to Arizona Revised Statute (ARS) 9-463.05 Section B.9., impact fees must be placed in a separate fund and accounted for separately. ARS 9-463.05 Section B.5. states that the impact fees may not be used for operations and maintenance of existing facilities. Each fund is addressed in more detail on pages 12 and 13 of the report.

Growth Rates

The Utility's growth rates have fluctuated over the past several years. Figure 1 illustrates the Utility's growth rate of 2,023 new metered connections over the last nine years.

Figure 1



The growth projections used for this report are consistent with the Town's financial forecasting and are shown in following table.

Table 2

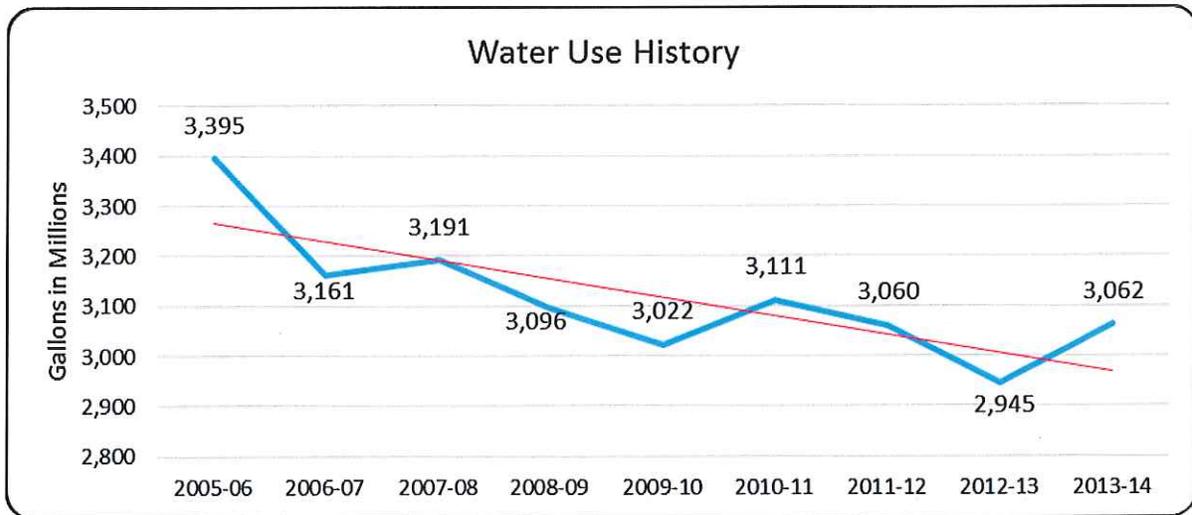
New Metered Connections	2014-15	2015-16	2016-17	2017-18	2018-19
Single Family Residential	200	300	275	200	100
Commercial, Multi-Family, Irrigation	11	15	13	10	5

Water Use Trends

The Utility has experienced an overall reduction in water use, both potable and reclaimed, over the last nine years. Figure 2 reflects a 9.8 percent reduction in total water use from FY 2005-06 through FY 2013-14. The trend line emphasizes a continuous decline in water use even though the utility experienced growth of 11.9 percent equivalent to 2,023 new connections in that same time frame. During FY 2013-14, the average single family residential customer with a 5/8 x 3/4 inch water meter

used 7,880 gallons. 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 is calculated at 8,000 gallons per month.

Figure 2



Debt Service

Annual debt obligations are met with the revenue generated in the Operating Fund, the AWRDIF and the PWSDIF. A summary of the existing debt allocated to each of these funds and the outstanding balances at the beginning of FY 2014-15 are provided in Table 3.

Table 3

Fund	Year	Debt	Purpose	Balance
Operating	2005	Excise Tax Bonds	Land for MOC	\$ 1,324,950
Operating	2007	Excise Tax Bonds - Refinance	Existing Potable System	\$ 14,770,440
Operating-GPF	2008	WIFA Loan	Reclaimed Water System	\$ 3,235,942
Operating	2009	WIFA Loan	Existing Potable System	\$ 1,777,300
Operating	2012	Sr. Lien Revenue Bonds - Refinance	Existing Potable System	\$ 4,417,909
Operating-GPF	2012	Sr. Lien Revenue Bonds - Refinance	Reclaimed Water System	\$ 8,052,849
Operating	2013	Excise Tax Bonds - Refinance	Existing Potable System	\$ 4,935,000
Operating	2014	WIFA Loan	AMI & Meter Replacement	\$ 1,000,711
PWSDIF	2012	Sr. Lien Revenue Bonds - Refinance	Potable System Expansion	\$ 2,484,241
Total Debt				\$ 41,999,342

No new debt is proposed throughout the five-year projection period.

Debt Service Coverage Requirements

The method for calculating the debt service coverage ratio is pursuant to the 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 2012 Senior Lien Water Revenue Bonds, the 2008, 2009 and 2014 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 is and will continue to be responsible for these debt service payments. However, since excise taxes are pledged as coverage, a calculated debt service coverage ratio of 1.0 (rather than the 1.3) is applied 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 2013-14 the debt service coverage ratio was 8.26 for the General Fund which substantially exceeds the 2.5 requirement.

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 Stifel, Nicolaus & Company, Inc.

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. Applying this methodology has been key in minimizing water rate increases.

Debt service coverage for the Water Utility’s outstanding senior lien debt issuances and loans in the Preferred Financial Scenario is shown in Table 4.

Table 4

	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service Coverage	2.02	2.11	2.07	1.92	1.73

Cash Reserve Policy for Operating Fund

The Town of Oro Valley Mayor and Council Water Policies were adopted in 1996. The policy specific to cash reserves may be found in Section II.A.1.d. and states "The Utility shall maintain cash reserves for known future obligations plus an allowance for unbudgeted contingencies set at 5 percent (5%) of the total annual budget." The Commission is recommending that this policy be reviewed in the coming year. Interpretation of the policy for this analysis is that the Utility must have five percent of the total annual operating budget including debt service and capital expenditures. In the Preferred Financial Scenario, the projected cash reserve balance for the Operating Fund for each year in the analysis is listed in Table 5 showing compliance in all years.

Table 5

Operating Fund	2014-15	2015-16	2016-17	2017-18	2018-19
Cash Reserve Requirement	\$ 731,321	\$ 723,318	\$ 745,380	\$ 745,699	\$ 780,564
Cash Reserve Balance	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502	\$ 1,612,884

Cash reserve balances in the Operating Fund are the main driver for the proposed changes in water rates. The projected cash reserve balances shown in Table 5 include revenue from the proposed rate changes. Those changes include increases in the commodity rates with corresponding decreases in the GPF. These proposed changes allow for the cash balances to be at appropriate levels for both the Operating Fund and the GPF. The impact to the customers from these proposed changes are minimal except for single family residential and irrigation customers who are high water users. Details of the impact to all water users are in Appendix C.

The use of cash to fund capital expenditures results in a projected decrease of \$6.6 million in cash reserves over the five-year projection period. In light of this, the Commission is recommending that the current cash reserve policy be reviewed. A consideration may be to evaluate implementing a cash reserve policy similar to the one currently in place for the Town's General Fund. The General Fund cash reserve policy states, "The Town shall maintain, at a minimum, a fund balance contingency reserve in the General Fund that represents 25 percent of the General Fund's annual expenditures with no use of the General Fund contingency to support ongoing operational expenditures. This minimum reserve amount will be incorporated into the General Fund budget adopted by formal action taken by the Town Council. Accordingly, these reserves will be classified as committed fund balances." Reviewing the Water Utility's cash reserve policy will be placed on the Water Utility Commission's work plan for the coming year.

Operating Fund

Revenue Forecast

The Operating Fund had a cash balance of \$8.2 million at the beginning of FY 2014-15 and is projected to have a balance of \$1.6 million at the end of FY 2018-19. These funds may be used for operating costs including personnel, operations and maintenance, capital improvements for the existing potable water system and debt service.

The revenue forecast was based on analysis of the Utility's monthly billing data for FY 2013-14 and a projection of water usage and growth in number of new connections detailed in Table 2 on page 4. Analysis of the water use trends for FY 2013-14 indicated the average monthly use for a single family residence with a 5/8 x 3/4 inch water meter was 7,880 gallons per month. For this analysis, 8,000 gallons per month was used to project water sales revenue. The revenue forecast includes proposed increased commodity rates shown below in Table 6. The GPF revenue is also shown in Table 6 for informational purposes and to illustrate the proposed decrease.

Table 6

Commodity Rate	Current Rates	Proposed Rates 2014-15	Proposed Rates 2015-16	Proposed Rates 2016-17	Proposed Rates 2017-18	Proposed Rates 2018-19
Customer Classifications						
Single Family Residential						
Tier 1	2.23	2.27	2.32	2.37	2.44	2.51
Tier 2	3.01	3.10	3.19	3.29	3.40	3.52
Tier 3	4.07	4.23	4.40	4.58	4.76	4.95
Tier 4	5.49	5.76	6.05	6.36	6.67	7.01
Irrigation						
Tier 1	2.23	2.27	2.32	2.37	2.44	2.51
Tier 2	3.01	3.10	3.19	3.29	3.40	3.52
Tier 3	4.07	4.23	4.40	4.58	4.76	4.95
Tier 4	5.49	5.76	6.05	6.36	6.67	7.01
Commercial	2.23	2.27	2.32	2.37	2.44	2.51
Master Metered Multi-Family	2.23	2.27	2.32	2.37	2.44	2.51
Turf	2.23	2.27	2.32	2.37	2.44	2.51
Construction	6.49	6.76	7.05	7.36	7.67	8.01
All Reclaimed Classes	2.20	2.23	2.26	2.31	2.38	2.45
Groundwater Preservation Fee						
Potable	0.95	0.90	0.85	0.85	0.85	0.85
Reclaimed	0.50	0.47	0.44	0.44	0.44	0.44

Cost per 1,000 gallons.

The water use included in each tier is detailed on the proposed water rates table in Appendix C.

Table 7 provides the water sales revenue forecast for the five-year projection period using the proposed commodity rates in Table 6. The GPF and associated revenues and expenditures are detailed on pages 10 - 11.

Table 7

Water Sales Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
Potable Water	\$10,252,130	\$10,542,605	\$10,852,834	\$11,166,348	\$11,473,209
Reclaimed Water	<u>\$ 1,796,098</u>	<u>\$ 1,818,296</u>	<u>\$ 1,850,323</u>	<u>\$ 1,899,317</u>	<u>\$ 1,949,954</u>
Total Water Sales	\$12,048,228	\$12,360,901	\$12,703,157	\$13,065,665	\$13,423,163

Other revenue generated by the Utility includes interest income and charges for services. Charges for service include, but are not limited to, new service establishment fees, late fees, reconnection fees, convenience fees, and plan review fees. These service fees are projected to generate annual revenue ranging from \$845,000 to \$896,000. Projections for interest income are a cumulative total of \$892,147 over the five-year period. A two percent interest rate was assumed for each year in the projection period. This interest rate is consistent with the Town's financial planning.

Revenue Requirements

The following table is a summary of revenue requirements for the Operating Fund that were used in the financial analysis. These revenue requirements do not include expenditures to be paid with GPF revenue.

Table 8

Utility Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Personnel	\$ 2,874,528	\$ 3,003,882	\$ 3,139,056	\$ 3,280,314	\$ 3,427,928
Operations/Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Mgmt.	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
Reclaimed Maintenance	890,360	899,264	909,156	920,065	932,026
Subtotal Expenditures	\$ 9,646,491	\$ 9,906,753	\$ 10,126,046	\$ 10,489,775	\$ 10,707,715
Debt Service	3,582,907	3,576,601	3,585,554	3,575,207	3,578,569
Capital Outlay	1,397,020	983,000	1,196,000	849,000	1,325,000
Total Expenditures	\$ 14,626,418	\$ 14,466,354	\$ 14,907,600	\$ 14,913,982	\$ 15,611,284

Projected personnel costs do not include any new personnel; however, a four percent annual merit increase and a 0.5 percent increase in retirement benefits have been projected. These projected increases are consistent with the General Fund's financial planning.

The projected operations and maintenance (O&M) costs for both the potable and reclaimed water systems include inflationary increases that average 1.7 percent annually. The inflation factors were provided by the Arizona Department of Revenue and are consistent with the General Fund's financial planning.

Power for pumping costs were segregated from the traditional O&M costs because they are not subject to annual inflationary increases. A 15 percent rate increase by Tucson Electric Power was projected in FY 2017-18. The Utility recently began implementation of an energy efficiency program which will reduce power costs as the pumps and motors are replaced. After all the equipment has been installed, the projected energy savings will be reflected in the power costs.

The Utility plans to purchase groundwater extinguishment credits. These credits will be pledged to the Groundwater Allowance Account (GWA) to help maintain a balance in the GWA that will facilitate growth in the water service area. It is anticipated that the Utility will purchase approximately 3,000 acre feet of extinguishment credits annually over the five-year projection period.

Projected costs for wheeling CAP water through the Tucson Water delivery system represent 2,000 acre feet annually. The rate charged by Tucson Water is a contract price and remains constant over the five years. The cost to take delivery of the CAP water increases annually. The CAP water delivery rates are established by Central Arizona Project.

CAP water recharge costs represent costs to take delivery of the Utility's entire CAP water allotment of 10,305 acre feet annually. This water will be recharged in various recharge facilities including the 2,000 acre feet in Tucson Water's facilities. Recharge costs increase by \$15 per acre foot when the water is recharged in Central Arizona Water Conservation District (CAWCD) facilities.

Projected capital outlay for existing system improvements in this analysis includes the replacement of approximately 10,000 water meters and installation of AMI equipment in the Oro Valley water service area; water main replacements; and installation of energy efficient pumps and motors. Capital outlay also includes the purchase of vehicles, computer and security equipment. The schedule for five-year capital improvements may be found in Appendix E.

The meter replacement project is being financed with a loan from the Water Infrastructure Finance Authority of Arizona (WIFA) and will be completed in FY 2015-16. This loan was approved by the Town Council in January 2014. There is no additional new debt proposed in this analysis. All other capital expenditures are proposed to be funded with revenue generated from water sales, fees, charges and cash reserves.

Groundwater Preservation Fee

The Groundwater Preservation Fee (GPF) was established in 2003 to generate revenue to finance alternative water resources, capital expenditures for infrastructure needed to deliver alternative water to the Town and related debt service. The current policy for GPF revenue specifically excludes the use of those funds for operations and maintenance costs. The Water Utility Commission will consider making a recommendation to the Town Council to amend this policy. The consideration will be placed on the Commission's work plan in the coming year.

Prior to FY 2013-14, the GPF revenue was transferred from the Operating Fund to the AWRDIF Fund to pay the debt service on the reclaimed water system and the capital component of costs associated with the CAP water allotment and CAP water wheeling costs. The GPF revenue was used to pay these costs in conjunction with the impact fees collected in the AWRDIF Fund.

While updating the impact fees in FY 2013-14, it was determined that construction on the reclaimed water system was complete and beneficiaries of the reclaimed water system were the existing customers. As such, the debt associated with the reclaimed water system was removed from the AWRDIF Fund and placed in the Operating Fund. Additionally, GPF revenue is no longer transferred to the AWRDIF Fund. Revenue from the GPF will continue to pay the debt associated with the reclaimed water system and other authorized capital costs from within the Operating Fund.

As previously mentioned, the current policy for GPF revenue dedicates the use of GPF revenue to alternative water capital expenditures and related debt service. For this reason, the GPF will now be accounted for separately within the Operating Fund. Currently the GPF revenue received is in excess of the allowable expenditures resulting in the cash reserves growing by \$3.1 million over the five-

year projection period. This is inclusive of a projected five percent reduction in the GPF rate in FY 2014-15 and FY 2015-16. Table 9 shows the current and proposed GPF rates.

Table 9

	Current Rate	2014-15 Proposed	2015-16 Proposed	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed
GPF – Potable Rate	\$0.95	\$0.90	\$0.85	\$0.85	\$0.85	\$0.85
GPF – Reclaimed Rate	\$0.50	\$0.47	\$0.44	\$0.44	\$0.44	\$0.44

Cost per 1,000 gallons.

The table below provides the revenue forecast for the five-year projection period using the proposed GPF rates in Table 9.

Table 10

GPF Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
Potable Water	\$ 2,181,231	\$ 2,085,419	\$ 2,027,458	\$ 2,044,543	\$ 2,054,097
Reclaimed Water	361,568	339,402	325,105	325,105	325,105
Total GPF Revenue	\$ 2,542,799	\$ 2,424,821	\$ 2,352,563	\$ 2,369,648	\$ 2,379,202

The revenue from the GPF is dedicated to capital expenditures to deliver alternative water resources to the Town and related debt service. Table 11 provides the proposed expenditures that will be funded with GPF revenue.

Table 11

Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service - Reclaimed System	\$1,372,628	\$1,385,641	\$1,380,450	\$1,385,861	\$1,384,754
Capital Costs for CAP Wheeling	142,360	142,360	142,360	142,360	142,360
Capital Cost for CAP Allotment	148,456	155,204	161,952	168,700	168,700
Reclaimed Main Relocation	100,000	350,000			
Total Expenditures	\$1,763,444	\$2,033,205	\$1,684,762	\$1,696,921	\$1,695,814

Development Impact Fee Funds

Alternative Water Resources Development Impact Fee Fund

The Alternative Water Resources Development Impact Fee Fund (AWRDIF) had a cash balance of \$3.3 million at the beginning of FY 2014-15 and is projected to have \$5.3 million at the end of FY 2018-19. 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. Interest income is projected to be a total of \$585,547 for this analysis. A two percent interest rate was assumed for each year in the projection period and is consistent with the Town's financial planning.

The revenue forecast was based on new service units related to the number of new connections. A service unit is the equivalent of one single family residential (SFR) 5/8 x 3/4-inch water meter. The SFR service units are equal to the number of new connections. The other service units are forecast based on historic trends and pending development projects within the Town. Other service units include commercial, multi-family and irrigation units.

The Town Council adopted new impact fees that became effective July 1, 2014. The new impact fee for a SFR 5/8 x 3/4-inch water meter or one service unit is \$4,045. Table 12 provides the projected growth in service units and the revenue associated with that growth.

Table 12

Growth / Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
SFR Service Units	200	300	275	200	100
Other Service Units	145	120	104	80	40
Projected Revenue	\$1,409,646	\$1,698,900	\$1,553,055	\$1,132,600	\$566,300

AWRDIF funds may be used for capital expenditures related to alternative water resources including reclaimed water and CAP water. The capital expenditures during this projection period total \$4.9 million and include the capital costs assessed by CAP for 3,557 acre feet of our CAP water allotment; construction of a CAP water blending booster station; and design and construction of facilities that will deliver an additional 1,000 acre feet of CAP water. The table below lists the capital expenditures for the AWRDIF Fund.

Table 13

Capital Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
CAP Capital Charges	\$ 78,254	\$ 81,811	\$ 85,368	\$ 88,925	\$ 88,925
CAP Facilities	700,000			400,000	3,410,000
Total Capital Expenditures	\$ 778,254	\$ 81,811	\$ 85,368	\$ 488,925	\$ 3,498,925

There is no outstanding debt in the AWRDIF Fund. The outstanding reclaimed water system debt was transferred to the Operating Fund. This is discussed in detail in the Groundwater Preservation Fee section on page 10 of this report.

Potable Water System Development Impact Fee Fund

The Potable Water System Development Impact Fee Fund (PWSDIF) had a cash balance of \$4.5 million at the beginning of FY 2014-15 and is projected to have \$6.5 million at the end of FY 2018-19. 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. Interest income is projected to be a total of \$568,624 for this analysis. A two percent interest rate was assumed for each year in the projection period and is consistent with the Town's financial planning.

The revenue forecast was based on new service units related to the number of new connections. A service unit is the equivalent of one single family residential (SFR) 5/8 x 3/4-inch water meter. The SFR service units are equal to the number of new connections. The other service units are forecast based on historic trends and pending development projects within the Town. Other service units include commercial, multi-family and irrigation units.

The Town Council adopted new impact fees that became effective July 1, 2014. The new impact fee for a SFR 5/8 x 3/4-inch water meter or one service unit is \$2,015. Table 14 provides the projected growth in service units and the revenue associated with that growth.

Table 14

Growth / Revenue	2014-15	2015-16	2016-17	2017-18	2018-19
SFR Service Units	200	300	275	200	100
Other Service Units	145	120	104	80	40
Projected Revenue	\$707,691	\$846,300	\$763,685	\$564,200	\$282,100

PWSDIF funds may be used for capital expenditures related to potable water system improvements including wells, booster stations, reservoirs and water mains that are required to meet the demands of new growth. There are no O&M expenditures in this fund. The projections detailed in the Preferred Financial Scenario for the PWSDIF Fund assume no growth-related capital 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 cash reserves. The Potable Water System Development Impact Fees are not projected to increase or decrease during the five year period. The table below lists all expenditures forecast for the PWSDIF.

Table 15

Expenditures	2014-15	2015-16	2016-17	2017-18	2018-19
Debt Service	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
Capital Projects	-	-	-	-	-
Total Expenditures	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328

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 and the related debt service payments. To develop 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 proposed rate increases would not result in rate shock.

The Water Utility Commission has made a recommendation for a Preferred Financial Scenario. The Scenario generates the revenue needed to maintain an adequate cash balance in all funds over the projected five-year period. Additionally, the Scenario uses available cash for capital projects and meets the debt service coverage requirements in each year of the projection period. The Preferred Financial Scenario includes projections for five years; however, water rates are approved annually for the first year in the projection period.

The cash balance in the AWRDIF and PWSDF funds increase over the five year period. The cash balance will be important in the future as the Town moves forward with increased deliveries of CAP water and constructing potable water system infrastructure to meet the demands of new growth. State statutes preclude the use of impact fees for general operating expenses of the Utility.

The financial projections for the Operating Fund, AWRDIF Fund and the PWSDF 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**.

The assumptions used to develop the financial projections contained in the Preferred Financial Scenario may be found in **Appendix A**.

Recommendation on 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:

- Decrease in the potable and reclaimed Groundwater Preservation Fee (GPF)
- Increase in the potable and reclaimed commodity rates
- No increase in the monthly base rates for potable and reclaimed water
- Increase in the potable and reclaimed construction water rates
- Increase in meter installation fees to recover costs
- Increase in residential security deposits for non-property owner accounts
- Increase in residential security deposits for landlord accounts

Table 16 illustrates the proposed water rates for a single family residential customer with a 5/8 x 3/4 inch water meter. Approximately 93 percent of the utility's residential 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 a charge for 1,000 gallons.

Table 16

Water Provider	Monthly Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	GPF or Water Resource Fee
Oro Valley Current	14.19	2.20	2.99	4.03	5.38	---	0.95
Oro Valley Proposed	14.19	2.27	3.10	4.23	5.76	---	0.90
Metro Water	22.00	2.00	2.70	4.05	5.62	7.02	0.20
Marana Water	16.18	2.63	3.67	4.77	5.89	8.45	0.43
Tucson Water	11.00	1.85	4.02	9.38	15.08	---	0.84

Cost per 1,000 gallons.

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 specific 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. The following bill comparisons include water rates and water resource fees similar to the Utility's GPF.

Table 17

Water Provider	Cost for 8,000 Gallons	Cost for 15,000 Gallons	Cost for 25,000 Gallons	Cost for 40,000 Gallons
Oro Valley Current	40.41	68.13	117.27	203.16
Oro Valley Proposed	40.38	68.38	118.55	207.74
Metro Water	40.80	68.74	122.71	231.01
Marana Water	40.66	67.28	113.78	202.98
Tucson Water	32.98	87.43	204.33	434.15

The following table illustrates the financial impact to customers with varying meter sizes based on the average monthly water use for specific customer classifications. These charges are for Oro Valley Water Utility customers and include the base rates, commodity rates and groundwater preservation fees.

Table 18

Classification	Meter Size	Water Use	Current Bill	Proposed Bill	Change
SF Residential	5/8	8,000	\$ 40.41	\$ 40.38	- \$ 0.03
SF Residential	5/8	15,000	\$ 68.13	\$ 68.38	\$ 0.25
SF Residential	5/8	25,000	\$117.27	\$118.55	\$ 1.28
SF Residential	5/8	40,000	\$203.16	\$207.74	\$ 4.58
Irrigation	1	27,000	\$129.14	\$129.37	\$ 0.23
Commercial	2	57,000	\$294.79	\$294.22	- \$ 0.57
MF Residential	4	550,000	\$ 2,103.77	\$ 2,098.27	- \$ 5.50
Turf – Potable	4	3,000,000	\$ 9,894.77	\$ 9,864.77	- \$30.00
Reclaimed - Turf	6	15,000,000	\$41,209.54	\$41,209.54	\$ 0.00

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.

Table 19 contains the proposed reclaimed rates. Tucson Water’s rates have been included for comparison. Tucson Water’s reclaimed rate is 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 a charge for 1,000 gallons.

Table 19

Water Provider	Commodity Rate	GPF
Oro Valley Water – Current	\$2.20	\$0.50
Oro Valley Water – Proposed	\$2.23	\$0.47
Tucson Water	\$2.50	N/A

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 changes in debt service, operating or capital costs could result in the need for a rate increase.

Other Service Fees & Charges

The Utility charges fees for services rendered in an amount designed to recover the cost to provide that service. These fees and charges are evaluated annually to determine if any adjustments are needed. It is recommended that water meter installation fees be increased to recover labor costs and a price increase in the meters and transceivers. The amount of the increase depends on the size and type of water meter. In some instances, there is a slight decrease in the fees. A complete schedule of the fees may be found in Appendix D.

It is also recommended that residential security deposits for non-property owner accounts be increased to minimize the Utility's risk when these customers move without paying their bills. This would impact customers who are renting homes from the property owners. During FY 2013-14, security deposits totaling \$1,770 were applied to final bills when the tenants moved out. An additional \$2,712 was written off as uncollectible on these accounts. To reduce the potential for financial loss in the future, it is recommended that residential security deposits for non-property owner accounts be increased from \$100 to \$150. These deposits will continue to be held by the Utility until the account is closed. Additionally, the Utility experienced losses when landlords sold their property leaving unpaid balances. Currently, landlord accounts are charged a security deposit of \$50 per account that is refunded after one year. It is recommended that security deposits for landlord accounts be increased from \$50 to \$75 per account and that the deposit be held by the Utility until the landlord agreement is terminated and the account is closed.

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 approval of the Notice of Intent to increase water rates on December 3, 2014.

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 Operating Fund

A-5 Alternative Water Resources Development Impact Fee Fund

A-6 Potable Water System Development Impact Fee Fund

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

Growth

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other growth rates include commercial and irrigation connections.

Connections	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR	200	300	275	200	100
Other	11	15	13	10	5

Current Water Rate Structure

The following commodity rates are the cost per 1,000 gallons:

Classifications	Tier 1	Tier 2	Tier 3	Tier 4
SF Residential & Irrigation	\$2.23	\$3.01	\$4.07	\$5.49
MF Residential & Commercial	\$2.23	---	---	---
Construction Water	\$6.49	---	---	---
Reclaimed Water	\$2.20	---	---	---
GPF – Potable	\$0.95	---	---	---
GPF – Reclaimed	\$0.50	---	---	---

Proposed Water Rate Structure for FY 2014-15

The following proposed commodity rates are the cost per 1,000 gallons:

Classifications	Tier 1	Tier 2	Tier 3	Tier 4
SF Residential & Irrigation	\$2.27	\$3.10	\$4.23	\$5.76
MF Residential & Commercial	\$2.27	---	---	---
Construction Water	\$6.76	---	---	---
Reclaimed Water	\$2.23	---	---	---
GPF – Potable	\$0.90	---	---	---
GPF – Reclaimed	\$0.47	---	---	---

There are no proposed changes to the usage allowed in each tier of the SF Residential and Irrigation classifications.

Proposed Potable 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	GPF	Overall Change	Monthly Impact
FY 14-15	N/A	2.0%	3.0%	4.0%	5.0%	-5.3%	-0.1%	-\$0.03
FY 15-16	N/A	2.0%	3.0%	4.0%	5.0%	-5.6%	0.1%	\$0.04
FY 16-17	N/A	2.0%	3.0%	4.0%	5.0%	0.0%	1.1%	\$0.45
FY 17-18	N/A	3.0%	3.5%	4.0%	5.0%	0.0%	1.5%	\$0.60
FY 18-19	N/A	3.0%	3.5%	4.0%	5.0%	0.0%	1.5%	\$0.61

Proposed Reclaimed Water Rate Increases

The proposed reclaimed rate increases are shown below:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Base Rate	N/A	N/A	N/A	N/A	N/A
Commodity Rate	\$2.23	\$2.26	\$2.31	\$2.38	\$2.45
Percent Increase	1.5%	1.5%	2.0%	3.0%	3.0%

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

(continued)

Groundwater Preservation Fee Rates (cost per 1,000 gallons)

GPF is no longer transferred to the AWRDIF Fund effective FY 13-14.
 5.3% decrease in GPF in FY 14-15 for both potable & reclaimed (\$0.05 and \$0.03 respectively).
 5.6% decrease in GPF in FY 15-16 for both potable & reclaimed (\$0.05 and \$0.03 respectively).
 No other decreases in remaining years of projection period.

Water Use Trends

Projections include similar water use trends as those in FY 13-14. The average monthly water use for a residential customer with a 5/8 x 3/4 inch water meter decreased to 7,880 gallons per month in FY 13-14 from 8,200 gallons in FY 12-13. For this analysis 8,000 gallons was used as the average monthly water use.

Other Revenue

Other revenue is based on FY 14-15 proposed budget. Other revenue is not projected to increase because misc. charges fluctuate annually. Other revenue includes late fees, reconnect fees, new service establishment fees, sewer billing, stormwater billing, and meter income.

Beginning Cash Balance

Taken from 6/30/14 Balance Sheet of respective funds (MUNIS reports dated 9/17/14)

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

Personnel Costs

No new employees were added over the 5 year projection period. The following increases were provided by the Finance Department on 7/26/14 and are consistent with Town financial forecasting.

Fiscal Year	Merit	ASRS	New FTE
14-15	4.0%	0.5%	N/A
15-16	4.0%	0.5%	N/A
16-17	4.0%	0.5%	N/A
17-18	4.0%	0.5%	N/A
18-19	4.0%	0.5%	N/A

O&M Costs - Potable

Based on Utility's proposed budget for FY 14-15 updated with the most recent information. Projected 15% increase in power costs for potential Tucson Electric rate increase in FY 17-18.

O&M Costs - Reclaimed

Based on Utility's proposed budget for FY 14-15 updated with the most recent information. Projected 15% increase in power costs for potential Tucson Electric rate increase in FY 17-18.

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

(continued)

Inflation Rates

The following inflation rates were provided by the Arizona Department of Revenue:

FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
1.7%	1.6%	1.7%	1.8%	1.7%

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. Annual costs are based on purchasing 3,000 AF at \$150/AF.

Reclaimed Water Wheeling Costs

Pursuant to the existing IGA, the reclaimed water rate is non-interruptible at an interruptible rate. It is assumed that when the IGA is renegotiated, the utility will opt for an interruptible rate; therefore, only inflationary increases are included annually. The rate for FY 14-15 is \$292 / AF plus a monthly base rate.

CAP Wheeling Costs

Costs include the CAP water delivery costs – rates adopted by CAP on 6/5/14 (refer to CAP recharge costs table below). Costs also include fees charged by Tucson Water to wheel the CAP water through their recharge and recovery system. Tucson Water fees are fixed pursuant to an IGA and subject to re-negotiation.

Tucson Water Rates	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
CAP Volume Wheeled	2,000 AF				
Commodity Rate per AF	\$ 499.89	\$ 499.89	\$ 499.89	\$ 499.89	\$ 499.89
Base Rate 4-inch Meter (2)	\$ 203.83	\$ 203.83	\$ 203.83	\$ 203.83	\$ 203.83
Base Rate 8-inch Meter (1)	\$ 323.32	\$ 323.32	\$ 323.32	\$ 323.32	\$ 203.83

CAP Recharge Costs

Based on the rate schedule adopted by CAP 6/5/14. The following table reflects the amount projected to be recharged annually:

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
Recharge at Tucson Water	2,000 AF				
Recharge at Kai Farms	4,000 AF				
Recharge at CAWCD	4,305 AF				
Cost to Recharge	\$ 157.00	\$ 161.00	\$ 166.00	\$ 171.00	\$ 174.00
Additional for CAWCD	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00	\$ 15.00

PREFERRED FINANCIAL SCENARIO
ASSUMPTIONS FOR OPERATING FUND

(continued)

Debt Service

The following table describes the debt service included in this proforma:

Bonds	Type	Description	Amortization Schedule By
2005	Excise Tax	Land – MOC	Stone & Youngberg
2007	Excise Tax	Refunding (1996 & 1999)	Stone & Youngberg
2008	Sr. Lien	Reclaimed Ph. 2	WIFA
2009	Sr. Lien	Existing System CIP	WIFA
2012	Sr. Lien	Refunding (Reclaim Ph. 1)	Stone & Youngberg
2012	Sr. Lien	Refunding (2003)	Stone & Youngberg
2013	Sr. Lien	Refunding (2003)	Stifel & Nicolaus & Co.
2014	Sr. Lien	AMI Project	WIFA

Debt Service Coverage

1.30 debt service coverage ratio for 2012 & 2013 Sr. Lien Bonds & WIFA Loans
1.00 debt service coverage ratio for all Excise Tax Pledged Bonds

Capital Improvements – Operating Fund

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing		
		Cash Reserves	Existing WIFA Loan	New Debt
2014-15	\$ 3,597,020	\$1,397,020	\$2,200,000	N/A
2015-16	\$ 2,783,000	\$ 983,000	\$1,800,000	N/A
2016-17	\$ 1,196,000	\$1,196,000		N/A
2017-18	\$ 849,000	\$ 849,000		N/A
2018-19	\$ 1,325,000	\$1,325,000		N/A
	\$ 9,750,020	\$5,750,020	\$4,000,000	

Assumed no additional debt in throughout the 5-year forecast period.

Capital Improvements – Groundwater Preservation Fee

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 15-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2014-15	\$ 100,000	\$ 100,000	N/A
2015-16	\$ 350,000	\$ 350,000	N/A
2016-17	N/A	N/A	N/A
2017-18	N/A	N/A	N/A
2018-19	N/A	N/A	N/A

PREFERRED FINANCIAL SCENARIO

ASSUMPTIONS FOR AWRDIF FUND

Growth

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other Service Units (SU's) include commercial and irrigation connections.

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR SU's	200	300	275	200	100
Other SU's	145	120	104	80	40

AWRD Impact Fees

Decreased to \$4,045 per EDU, Ordinance No. (O) 14-05, effective 7/1/14
Not projected to change in the 5 year projection period.

Beginning Cash Balance

Taken from 6/30/14 Balance Sheet of respective funds (MUNIS reports dated 9/17/14).

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

CAP Capital Costs

Based on 3,557 AF at rate schedule adopted by CAP 6/5/14.

Debt Service

Debt service for the reclaimed water system has been moved to the Operating Fund.

Capital Improvements

The following table identifies the amount of the capital projects for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 8/27/14:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2014-15	\$ 700,000	\$ 700,000	N/A
2015-16	\$ 0	\$ 0	N/A
2016-17	\$ 0	\$ 0	N/A
2017-18	\$ 400,000	\$ 400,000	N/A
2018-19	\$3,410,000	\$3,410,000	N/A

PREFERRED FINANCIAL SCENARIO

ASSUMPTIONS FOR PWSDIF FUND

Growth

SFR growth rates were provided by the Finance Department and are consistent with Town financial forecasting. Other Service Units (SU's) include commercial and irrigation connections.

	FY 14-15	FY 15-16	FY 16-17	FY 17-18	FY 18-19
SFR SU's	200	300	275	200	100
Other SU's	145	120	104	80	40

PWSD Impact Fees

Decreased impact fees to \$2,015 per EDU, Ordinance No. (O) 14-05, effective 7/1/14.
Not projected to change in the five year projection period.

Beginning Cash Balance

Taken from 6/30/14 Balance Sheet of respective funds. (MUNIS reports dated 9/17/14).

Interest Income

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Information provided by the Finance Department on 7/02/14.

Debt Service

The following table describes the debt service included in this proforma:

Bonds	Type	Description	Amortization Schedule By
2012	Sr. Lien	Refunding (2003)	Stone & Youngberg

Debt Service Coverage

1.30 debt service coverage ratio for 2012 Sr. Lien Bonds

Capital Improvements

No capital projects were identified in the revised 5-year CIP dated 8/27/14.

APPENDIX B

Preferred Financial Scenario

- B-1 Operating Fund
- B-2 Groundwater Preservation Fee
- B-3 Alternative Water Resources Development Impact Fee Fund
- B-4 Potable Water System Development Impact Fee Fund
- B-5 Summary of All Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
Water Sales					
Potable Water Sales (excluding golf courses)	\$ 10,065,575	\$ 10,229,109	\$ 10,397,653	\$ 10,585,864	\$ 10,809,196
Potable Water Sales from Growth - Res. & Com.	58,508	182,973	322,133	443,572	523,122
Potable Water Sales - Golf Courses	128,047	130,523	133,048	136,912	140,891
Total Potable Water Sales	10,252,130	10,542,605	10,852,834	11,166,348	11,473,209
Reclaimed Water Sales	1,796,098	1,818,296	1,850,323	1,899,317	1,949,954
Total Water Sales	12,048,228	12,360,901	12,703,157	13,065,665	13,423,163
Other Operating Revenue					
Service Fees & Charges	689,200	689,200	689,200	689,200	689,200
Interest Income	207,233	189,964	174,894	164,753	155,303
Total Other Operating Revenue	896,433	879,164	864,094	853,953	844,503
Total Operating Revenue	\$ 12,944,661	\$ 13,240,065	\$ 13,567,251	\$ 13,919,618	\$ 14,267,666
OPERATING EXPENSES					
Potable Operating Expenses					
Personnel	2,874,528	3,003,882	3,139,056	3,280,314	3,427,928
Operations & Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Management Costs	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Water Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
Total Potable Operating Expenses	\$ 8,756,131	\$ 9,007,490	\$ 9,216,890	\$ 9,569,710	\$ 9,775,688
Reclaimed Operating Expenses					
Operating & Maintenance	890,360	899,264	909,155	920,065	932,026
Total Reclaimed Operating Expenses	\$ 890,360	\$ 899,264	\$ 909,155	\$ 920,065	\$ 932,026
Total Operating Expenses	\$ 9,646,491	\$ 9,906,753	\$ 10,126,046	\$ 10,489,775	\$ 10,707,715
Net Operating Revenue	\$ 3,298,170	\$ 3,333,312	\$ 3,441,205	\$ 3,429,843	\$ 3,559,951
DEBT SERVICE - POTABLE					
P&I - Excise Tax Bonds - Land for MOC (2005)	152,516	152,227	151,691	152,417	152,668
P&I - Excise Tax Bonds - Refinance 1996 (2007)	1,255,948	1,258,530	1,259,936	1,255,326	1,258,553
P&I - WIFA Loan - Exist. System CIP (2009)	149,368	149,322	149,275	149,226	149,175
P&I - Sr. Lien Bonds - Existing System (2012)	582,284	589,494	586,716	589,759	589,227
P&I - Refunding - Excise (2013)	1,046,558	1,022,420	1,033,428	1,024,073	1,024,645
P&I - WIFA Loan - Sr. Lien - AMI (2014)	396,233	404,608	404,508	404,406	404,301
Total Potable System Debt Service	\$ 3,582,907	\$ 3,576,601	\$ 3,585,554	\$ 3,575,207	\$ 3,578,569
Other Obligations					
Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000	\$ 200,000
Vehicles	234,000	155,000	230,000	70,000	75,000
Capital Improvements: Existing System	1,060,000	730,000	875,000	710,000	1,050,000
Total Other Obligations	\$ 1,397,020	\$ 983,000	\$ 1,196,000	\$ 849,000	\$ 1,325,000
Net Balance From Operations	\$ (1,681,757)	\$ (1,226,289)	\$ (1,340,349)	\$ (994,365)	\$ (1,343,618)
Beginning Cash Balance	\$ 8,199,262	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502
Net Balance From Operations	(1,681,757)	(1,226,289)	(1,340,349)	(994,365)	(1,343,618)
Ending Cash Balance	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502	\$ 1,612,884

Groundwater Preservation Fee

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
GPF Beginning Balance	\$ 2,670,948	\$ 3,450,303	\$ 3,841,919	\$ 4,509,720	\$ 5,182,447
GPF Revenue (existing + growth)	2,542,799	2,424,821	2,352,563	2,369,648	2,379,202
Less Capital Component of TW Wheeling Costs	(142,360)	(142,360)	(142,360)	(142,360)	(142,360)
Less Capital Charge for CAP Allotment 6,748 AF	(148,456)	(155,204)	(161,952)	(168,700)	(168,700)
Less Reclaimed Project - Main Relocation	(100,000)	(350,000)			
Less P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2008)	(311,256)	(311,130)	(311,001)	(310,866)	(310,727)
Less P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	(1,061,372)	(1,074,511)	(1,069,449)	(1,074,995)	(1,074,027)
GPF Ending Balance	\$ 3,450,303	\$ 3,841,919	\$ 4,509,720	\$ 5,182,447	\$ 5,865,835

Alternative Water Resources Development Impact Fee Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
AWRD Impact Fee Revenue	\$ 1,409,646	\$ 1,698,900	\$ 1,553,055	\$ 1,132,600	\$ 566,300
Subtotal Revenue	1,409,646	1,698,900	1,553,055	1,132,600	566,300
Other Operating Revenue					
Interest Income	72,510	95,623	128,508	152,879	136,027
Subtotal Other Operating Revenue	72,510	95,623	128,508	152,879	136,027
Total Operating Revenue	\$ 1,482,156	\$ 1,794,523	\$ 1,681,563	\$ 1,285,479	\$ 702,327
OPERATING EXPENSES					
N/A	-	-	-	-	-
Total Operating Expenses	\$ -				
Net Operating Revenue	\$ 1,482,156	\$ 1,794,523	\$ 1,681,563	\$ 1,285,479	\$ 702,327
DEBT SERVICE					
N/A	-	-	-	-	-
Total Debt Service	\$ -				
OTHER OBLIGATIONS					
Capital Improvements:					
CAP Capital Charges 3557 acre feet	\$ 78,254	\$ 81,811	\$ 85,368	\$ 88,925	\$ 88,925
CAP Facilities Engineering & Construction	700,000	-	-	400,000	3,410,000
Total Other Obligations	\$ 778,254	\$ 81,811	\$ 85,368	\$ 488,925	\$ 3,498,925
Net Balance From Operations	\$ 703,902	\$ 1,712,712	\$ 1,596,195	\$ 796,554	\$ (2,796,598)
Beginning Cash Balance	\$ 3,336,099	\$ 4,040,001	\$ 5,752,713	\$ 7,348,908	\$ 8,145,462
Net Balance From Operations	\$ 703,902	\$ 1,712,712	\$ 1,596,195	\$ 796,554	\$ (2,796,598)
Ending Cash Balance	\$ 4,040,001	\$ 5,752,713	\$ 7,348,908	\$ 8,145,462	\$ 5,348,864

Potable Water System Development Impact Fee Fund

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
Development Impact Fees	\$ 707,691	\$ 846,300	\$ 763,685	\$ 564,200	\$ 282,100
Subtotal Revenue	\$ 707,691	\$ 846,300	\$ 763,685	\$ 564,200	\$ 282,100
Other Operating Revenue					
Interest Income	93,598	104,309	115,949	125,099	129,669
Subtotal Other Operating Revenue	93,598	104,309	115,949	125,099	129,669
Total Operating Revenue	\$ 801,289	\$ 950,609	\$ 879,634	\$ 689,299	\$ 411,769
OPERATING EXPENSES					
N/A	-	-	-	-	-
Total Operating Expenses	\$ -				
Net Operating Revenue	\$ 801,289	\$ 950,609	\$ 879,634	\$ 689,299	\$ 411,769
DEBT SERVICE					
P&I - Sr. Lien Bonds - Expansion Related (2012)	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
Total Water System Debt Service	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
OTHER OBLIGATIONS					
N/A	-	-	-	-	-
Total Other Obligations	\$ -				
Net Balance From Operations	\$ 473,865	\$ 619,131	\$ 549,718	\$ 357,672	\$ 80,441
Beginning Cash Balance	\$ 4,505,635	\$ 4,979,500	\$ 5,598,631	\$ 6,148,349	\$ 6,506,021
Net Balance From Operations	\$ 473,865	\$ 619,131	\$ 549,718	\$ 357,672	\$ 80,441
Ending Cash Balance	\$ 4,979,500	\$ 5,598,631	\$ 6,148,349	\$ 6,506,021	\$ 6,586,462

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: October 22, 2014

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
REVENUES					
Water Sales					
Potable Water Sales (exclude golf courses)	\$ 10,065,575	\$ 10,229,109	\$ 10,397,653	\$ 10,585,864	\$ 10,809,196
Potable Water Sales from Growth	58,508	182,973	322,133	443,572	523,122
Potable Water Sales - Golf Courses	128,047	130,523	133,048	136,912	140,891
Total Potable Water Sales	10,252,130	10,542,605	10,852,834	11,166,348	11,473,209
Reclaimed Water Sales	1,796,098	1,818,296	1,850,323	1,899,317	1,949,954
Total Water Sales	12,048,228	12,360,901	12,703,157	13,065,665	13,423,163
Other Operating Revenue					
Groundwater Preservation Fees					
Groundwater Preservation Fee - Potable	2,168,917	2,052,785	1,974,252	1,974,252	1,974,252
Groundwater Preservation Fee - Reclaimed	361,568	339,402	325,105	325,105	325,105
Groundwater Preservation Fee - Growth	12,314	32,634	53,206	70,291	79,845
Total Groundwater Preservation Fees	2,542,799	2,424,821	2,352,563	2,369,648	2,379,202
Potable Water Impact Fees	707,691	846,300	763,685	564,200	282,100
Alternative Water Impact Fees	1,409,646	1,698,900	1,553,055	1,132,600	566,300
Service Fees & Charges	689,200	689,200	689,200	689,200	689,200
Interest Income	373,341	389,896	419,351	442,731	420,999
Total Other Operating Revenue	5,722,677	6,049,117	5,777,854	5,198,379	4,337,801
Total Operating Revenue	\$ 17,770,905	\$ 18,410,018	\$ 18,481,011	\$ 18,264,044	\$ 17,760,964
OPERATING EXPENSES					
Potable Operating Expenses					
Personnel	2,874,528	3,003,882	3,139,056	3,280,314	3,427,928
Operations & Maintenance	2,043,303	2,063,736	2,086,437	2,111,474	2,138,924
Power for Pumping	900,000	900,000	900,000	1,035,000	1,035,000
Water Resource Management Costs	450,000	450,000	450,000	450,000	450,000
CAP Wheeling Costs	1,164,300	1,188,192	1,198,192	1,208,192	1,214,192
CAP Recharge Costs	1,324,000	1,401,680	1,443,205	1,484,730	1,509,645
Costs paid by GPF Revenue	290,816	297,564	304,312	311,060	311,060
Total Potable Operating Expenses	\$ 9,046,947	\$ 9,305,054	\$ 9,521,202	\$ 9,880,770	\$ 10,086,748
Reclaimed Operating Expenses					
Operating & Maintenance	890,360	899,264	909,155	920,065	932,026
Total Reclaimed Operating Expenses	\$ 890,360	\$ 899,264	\$ 909,155	\$ 920,065	\$ 932,026
Total Operating Expenses	\$ 9,937,307	\$ 10,204,317	\$ 10,430,358	\$ 10,800,835	\$ 11,018,775
Net Operating Revenue	\$ 7,833,598	\$ 8,205,701	\$ 8,050,653	\$ 7,463,209	\$ 6,742,189
Debt Service					
Debt Service - Potable- Existing System					
P&I - Excise Tax Bonds - Land for MOC (2005)	152,516	152,227	151,691	152,417	152,668
P&I - Excise Tax Bonds - Refinance 1996 (2007)	1,255,948	1,258,530	1,259,936	1,255,326	1,258,553
P&I - WIFA Loan - Exist. System CIP (2009)	149,368	149,322	149,275	149,226	149,175
P&I - Sr. Lien Bonds - Existing System (2012)	582,284	589,494	586,716	589,759	589,227
P&I - Refunding - Excise (2013)	1,046,558	1,022,420	1,033,428	1,024,073	1,024,645
P&I - WIFA Loan - Meter Replacement (2014)	396,233	404,608	404,508	404,406	404,301
Total Potable Existing System Debt Service	\$ 3,582,907	\$ 3,576,601	\$ 3,585,554	\$ 3,575,207	\$ 3,578,569
Debt Service - Potable - Expansion Related					
P&I - Sr. Lien Bonds - Expansion Related (2012)	327,424	331,478	329,916	331,627	331,328
Total Potable Expansion Related Debt Service	\$ 327,424	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328
Debt Service - Non-Potable					
P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2008)	\$ 316,526	\$ 316,402	\$ 316,273	\$ 316,140	\$ 316,002
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	1,061,372	1,074,511	1,069,449	1,074,995	1,074,027
Total Non-Potable System Debt Service	\$ 1,377,898	\$ 1,390,913	\$ 1,385,722	\$ 1,391,135	\$ 1,390,029
Total Water System Debt Service	\$ 5,288,229	\$ 5,298,992	\$ 5,301,192	\$ 5,297,969	\$ 5,299,926

Oro Valley Water Utility
 Potable & Reclaimed Water Systems
 Prepared: October 22, 2014

PREFERRED FINANCIAL SCENARIO
 Summary of all Funds

	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Other Obligations					
Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000	\$ 200,000
Vehicles	234,000	155,000	230,000	70,000	75,000
Capital Improvements:					
Existing System	1,060,000	730,000	875,000	710,000	1,050,000
GPF Projects	100,000	350,000	-	-	-
Alternative Water Resources	778,254	81,811	85,368	488,925	3,498,925
Total Other Obligations	\$ 2,275,274	\$ 1,414,811	\$ 1,281,368	\$ 1,337,925	\$ 4,823,925
Net Balance From Operations	\$ 270,095	\$ 1,491,898	\$ 1,468,093	\$ 827,314	\$ (3,381,662)
Growth - New Connections	200	300	275	200	100
Increase from Water Rates	1.1%	1.3%	1.1%	1.5%	1.5%
Decrease from Groundwater Preservation Fees	-1.2%	-1.2%	0.0%	0.0%	0.0%
Increase(Decrease) to Residential Customer using 8K gals.	-0.1%	0.1%	1.1%	1.5%	1.5%
Increase(Decrease) to Residential Customer using 8K gals.	(\$0.03)	\$0.04	\$0.45	\$0.60	\$0.61
Required Cash Reserves (5% of budget) (does not include depreciation/amortization)	\$ 875,041	\$ 845,906	\$ 850,646	\$ 871,836	\$ 1,057,131
Debt Service Coverage Requirement Amount	\$ 6,452,159	\$ 6,465,462	\$ 6,468,062	\$ 6,465,037	\$ 6,466,538
DS Coverage Ratio: Sr. Lien Bonds & WIFA	2.02	2.11	2.07	1.92	1.73
Debt Service Coverage Requirement = 1.30					
Beginning Cash Balance	\$ 18,711,944	\$ 18,982,038	\$ 20,473,936	\$ 21,942,029	\$ 22,769,344
Net Balance From Operations	270,095	1,491,898	1,468,093	827,314	(3,381,662)
Ending Cash Balance	\$ 18,982,038	\$ 20,473,936	\$ 21,942,029	\$ 22,769,344	\$ 19,387,682
Operating Fund	\$ 6,517,505	\$ 5,291,215	\$ 3,950,866	\$ 2,956,502	\$ 1,612,884
Groundwater Preservation Fees	3,450,303	3,841,919	4,509,720	5,182,447	5,865,835
AWRD Impact Fee Fund	4,040,001	5,752,713	7,348,908	8,145,462	5,348,864
PWSD Impact Fee Fund	4,979,500	5,598,631	6,148,349	6,506,021	6,586,462
Total Ending Cash Balance	\$ 18,987,308	\$ 20,484,478	\$ 21,957,843	\$ 22,790,432	\$ 19,414,045
Contingent Reserve Fund:	359%	387%	414%	430%	366%
Contingent Reserve Requirement = 130%					

APPENDIX C

Preferred Financial Scenario Rate Schedules & Tables for Bill Comparisons

C-1 Potable & Reclaimed Water Rates

C-2 Tables for Bill Comparisons by Meter Size

**ORO VALLEY WATER UTILITY
PREFERRED FINANCIAL SCENARIO
PROPOSED WATER RATES**

BASE RATES POTABLE & RECLAIMED	
METER SIZE (in inches)	BASE RATE
5/8 x 3/4	\$14.19
3/4 x 3/4	\$21.29
1	\$35.48
1.5	\$70.95
2	\$113.53
3	\$227.05
4	\$354.77
6	\$709.54
8	\$1,135.26

COMMODITY RATES - POTABLE WATER				
RESIDENTIAL & IRRIGATION CLASSIFICATIONS				
METER SIZE	COMMODITY TIER 1 \$2.27 COST PER 1000 GALS.	COMMODITY TIER 2 \$3.10 COST PER 1000 GALS.	COMMODITY TIER 3 \$4.23 COST PER 1000 GALS.	COMMODITY TIER 4 \$5.76 COST PER 1000 GALS.
5/8 x 3/4	0 - 7,000	7,001 - 16,000	16,001 - 32,000	OVER 32,000
3/4 x 3/4	0 - 10,000	10,001 - 24,000	24,001 - 48,000	OVER 48,000
1	0 - 17,000	17,001 - 40,000	40,001 - 80,000	OVER 80,000
1.5	0 - 35,000	35,001 - 80,000	80,001 - 160,000	OVER 160,000
2	0 - 56,000	56,001 - 128,000	128,001 - 256,000	OVER 256,000
3	0 - 112,000	112,001 - 256,000	256,001 - 512,000	OVER 512,000
4	0 - 175,000	175,001 - 400,000	400,001 - 800,000	OVER 800,000
6	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	OVER 3,500,000
8	0 - 860,000	860,001 - 2,000,000	2,000,001 - 3,500,000	OVER 3,500,000
COMMERCIAL CLASSIFICATION			\$2.27 per 1000 gallons for all water use	
MASTER-METERED MULTIFAMILY CLASSIFICATION			\$2.27 per 1000 gallons for all water use	
CONSTRUCTION WATER			\$6.76 per 1000 gallons for all water use	

COMMODITY RATES - RECLAIMED WATER	
ALL RECLAIMED WATER USES & CLASSIFICATIONS	\$ 2.23 per 1000 gallons for all water use

GROUNDWATER PRESERVATION FEES	
POTABLE WATER	\$ 0.90 per 1000 gallons for all water use
RECLAIMED WATER	\$ 0.47 per 1000 gallons for all water use

TABLE FOR MONTHLY CHARGES & PERCENT INCREASE COMPARISON
RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 5/8 X 3/4" METER

GALLONS USED	CURRENT WATER RATE	PROPOSED WATER RATE	AMOUNT OF INCREASE Water Rate	PERCENT INCREASED Water Rate	CURRENT GPF	PROPOSED GPF	INCREASE IN 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	16.42	16.46	0.04	0.2%	0.95	0.90	-0.05	-0.01	17.36	-0.1%
2,000	18.65	18.73	0.08	0.4%	1.90	1.80	-0.10	-0.02	20.53	-0.1%
3,000	20.88	21.00	0.12	0.6%	2.85	2.70	-0.15	-0.03	23.70	-0.1%
4,000	23.11	23.27	0.16	0.7%	3.80	3.60	-0.20	-0.04	26.87	-0.1%
5,000	25.34	25.54	0.20	0.8%	4.75	4.50	-0.25	-0.05	30.04	-0.2%
6,000	27.57	27.81	0.24	0.9%	5.70	5.40	-0.30	-0.06	33.21	-0.2%
7,000	29.80	30.08	0.28	0.9%	6.65	6.30	-0.35	-0.07	36.38	-0.2%
8,000	32.81	33.18	0.37	1.1%	7.60	7.20	-0.40	-0.03	40.38	-0.1%
9,000	35.82	36.28	0.46	1.3%	8.55	8.10	-0.45	0.01	44.38	0.0%
10,000	38.83	39.38	0.55	1.4%	9.50	9.00	-0.50	0.05	48.38	0.1%
11,000	41.84	42.48	0.64	1.5%	10.45	9.90	-0.55	0.09	52.38	0.2%
12,000	44.85	45.58	0.73	1.6%	11.40	10.80	-0.60	0.13	56.38	0.2%
13,000	47.86	48.68	0.82	1.7%	12.35	11.70	-0.65	0.17	60.38	0.3%
14,000	50.87	51.78	0.91	1.8%	13.30	12.60	-0.70	0.21	64.38	0.3%
15,000	53.88	54.88	1.00	1.9%	14.25	13.50	-0.75	0.25	68.38	0.4%
16,000	56.89	57.98	1.09	1.9%	15.20	14.40	-0.80	0.29	72.38	0.4%
17,000	60.96	62.21	1.25	2.1%	16.15	15.30	-0.85	0.40	77.51	0.5%
18,000	65.03	66.44	1.41	2.2%	17.10	16.20	-0.90	0.51	82.64	0.6%
19,000	69.10	70.67	1.57	2.3%	18.05	17.10	-0.95	0.62	87.77	0.7%
20,000	73.17	74.90	1.73	2.4%	19.00	18.00	-1.00	0.73	92.90	0.8%
21,000	77.24	79.13	1.89	2.4%	19.95	18.90	-1.05	0.84	98.03	0.9%
22,000	81.31	83.36	2.05	2.5%	20.90	19.80	-1.10	0.95	103.16	0.9%
23,000	85.38	87.59	2.21	2.6%	21.85	20.70	-1.15	1.06	108.29	1.0%
24,000	89.45	91.82	2.37	2.6%	22.80	21.60	-1.20	1.17	113.42	1.0%
25,000	93.52	96.05	2.53	2.7%	23.75	22.50	-1.25	1.28	118.55	1.1%
26,000	97.59	100.28	2.69	2.8%	24.70	23.40	-1.30	1.39	123.68	1.1%
27,000	101.66	104.51	2.85	2.8%	25.65	24.30	-1.35	1.50	128.81	1.2%
28,000	105.73	108.74	3.01	2.8%	26.60	25.20	-1.40	1.61	133.94	1.2%
29,000	109.80	112.97	3.17	2.9%	27.55	26.10	-1.45	1.72	139.07	1.3%
30,000	113.87	117.20	3.33	2.9%	28.50	27.00	-1.50	1.83	144.20	1.3%
31,000	117.94	121.43	3.49	3.0%	29.45	27.90	-1.55	1.94	149.33	1.3%
32,000	122.01	125.66	3.65	3.0%	30.40	28.80	-1.60	2.05	154.46	1.3%
33,000	127.50	131.42	3.92	3.1%	31.35	29.70	-1.65	2.27	161.12	1.4%
34,000	132.99	137.18	4.19	3.2%	32.30	30.60	-1.70	2.49	167.78	1.5%
35,000	138.48	142.94	4.46	3.2%	33.25	31.50	-1.75	2.71	174.44	1.6%
36,000	143.97	148.70	4.73	3.3%	34.20	32.40	-1.80	2.93	181.10	1.6%
37,000	149.46	154.46	5.00	3.3%	35.15	33.30	-1.85	3.15	187.76	1.7%
38,000	154.95	160.22	5.27	3.4%	36.10	34.20	-1.90	3.37	194.42	1.8%
39,000	160.44	165.98	5.54	3.5%	37.05	35.10	-1.95	3.59	201.08	1.8%
40,000	165.93	171.74	5.81	3.5%	38.00	36.00	-2.00	3.81	207.74	1.9%
41,000	171.42	177.50	6.08	3.5%	38.95	36.90	-2.05	4.03	214.40	1.9%
42,000	176.91	183.26	6.35	3.6%	39.90	37.80	-2.10	4.25	221.06	2.0%
43,000	182.40	189.02	6.62	3.6%	40.85	38.70	-2.15	4.47	227.72	2.0%
44,000	187.89	194.78	6.89	3.7%	41.80	39.60	-2.20	4.69	234.38	2.0%
45,000	193.38	200.54	7.16	3.7%	42.75	40.50	-2.25	4.91	241.04	2.1%
46,000	198.87	206.30	7.43	3.7%	43.70	41.40	-2.30	5.13	247.70	2.1%
47,000	204.36	212.06	7.70	3.8%	44.65	42.30	-2.35	5.35	254.36	2.1%
48,000	209.85	217.82	7.97	3.8%	45.60	43.20	-2.40	5.57	261.02	2.2%
49,000	215.34	223.58	8.24	3.8%	46.55	44.10	-2.45	5.79	267.68	2.2%
50,000	220.83	229.34	8.51	3.9%	47.50	45.00	-2.50	6.01	274.34	2.2%

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

BASE RATE \$ 21.29

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 10,000 GALLONS
 TIER 2 = \$ 3.10 FOR 10,001 - 24,000 GALLONS
 TIER 3 = \$ 4.23 FOR 24,001 - 48,000 GALLONS
 TIER 4 = \$ 5.76 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 GPF	PROPOSED GPF	INCREASE IN 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	36.90	37.18	0.28	0.8%	6.65	6.30	-0.35	-0.07	43.48	-0.2%
11,000	46.60	47.09	0.49	1.1%	10.45	9.90	-0.55	-0.06	56.99	-0.1%
28,000	102.01	104.31	2.30	2.3%	26.60	25.20	-1.40	0.90	129.51	0.7%
50,000	194.39	200.43	6.04	3.1%	47.50	45.00	-2.50	3.54	245.43	1.5%

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

BASE RATE \$ 21.29

COMMODITY RATE: TIER 1 = \$ 2.27 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 GPF	PROPOSED GPF	INCREASE IN 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	36.90	37.18	0.28	0.8%	6.65	6.30	-0.35	-0.07	43.48	-0.2%
11,000	45.82	46.26	0.44	1.0%	10.45	9.90	-0.55	-0.11	56.16	-0.2%
28,000	83.73	84.85	1.12	1.3%	26.60	25.20	-1.40	-0.28	110.05	-0.3%
50,000	132.79	134.79	2.00	1.5%	47.50	45.00	-2.50	-0.50	179.79	-0.3%

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

BASE RATE \$ 35.48

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 17,000 GALLONS
 TIER 2 = \$ 3.10 FOR 17,001 - 40,000 GALLONS
 TIER 3 = \$ 4.23 FOR 40,001 - 80,000 GALLONS
 TIER 4 = \$ 5.76 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 GPF	PROPOSED GPF	INCREASE IN 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	71.16	71.80	0.64	0.9%	15.20	14.40	-0.80	-0.16	86.20	-0.2%
27,000	103.49	105.07	1.58	1.5%	25.65	24.30	-1.35	0.23	129.37	0.2%
38,000	136.60	139.17	2.57	1.9%	36.10	34.20	-1.90	0.67	173.37	0.4%
50,000	183.32	187.67	4.35	2.4%	47.50	45.00	-2.50	1.85	232.67	0.8%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 1" METER

BASE RATE \$ 35.48

COMMODITY RATE: TIER 1 = \$ 2.27 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 GPF	PROPOSED GPF	INCREASE IN 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	71.16	71.80	0.64	0.9%	15.20	14.40	-0.80	-0.16	86.20	-0.2%
27,000	95.69	96.77	1.08	1.1%	25.65	24.30	-1.35	-0.27	121.07	-0.2%
38,000	120.22	121.74	1.52	1.3%	36.10	34.20	-1.90	-0.38	155.94	-0.2%
50,000	146.98	148.98	2.00	1.4%	47.50	45.00	-2.50	-0.50	193.98	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR IRRIGATION CUSTOMERS WITH A 1.5" METER

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 35,000 GALLONS
 TIER 2 = \$ 3.10 FOR 35,001 - 80,000 GALLONS
 TIER 3 = \$ 4.23 FOR 80,001 - 160,000 GALLONS
 TIER 4 = \$ 5.76 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 GPF	PROPOSED GPF	INCREASE IN 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	158.03	159.70	1.67	1.1%	36.10	34.20	-1.90	-0.23	193.90	-0.1%
64,000	236.29	240.30	4.01	1.7%	60.80	57.60	-3.20	0.81	297.90	0.3%
90,000	325.15	332.20	7.05	2.2%	85.50	81.00	-4.50	2.55	413.20	0.6%
125,000	467.60	480.25	12.65	2.7%	118.75	112.50	-6.25	6.40	592.75	1.1%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 1.5" METER

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.27 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 GPF	PROPOSED GPF	INCREASE IN 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	155.69	157.21	1.52	1.0%	36.10	34.20	-1.90	-0.38	191.41	-0.2%
64,000	213.67	216.23	2.56	1.2%	60.80	57.60	-3.20	-0.64	273.83	-0.2%
90,000	271.65	275.25	3.60	1.3%	85.50	81.00	-4.50	-0.90	356.25	-0.3%
125,000	349.70	354.70	5.00	1.4%	118.75	112.50	-6.25	-1.25	467.20	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR IRRIGATION CUSTOMERS WITH A 2" METER

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 56,000 GALLONS
 TIER 2 = \$ 3.10 FOR 56,001 - 128,000 GALLONS
 TIER 3 = \$ 4.23 FOR 128,001 - 256,000 GALLONS
 TIER 4 = \$ 5.76 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 GPF	PROPOSED GPF	INCREASE IN 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	241.42	243.75	2.33	1.0%	54.15	51.30	-2.85	-0.52	295.05	-0.2%
128,000	455.13	463.85	8.72	1.9%	121.60	115.20	-6.40	2.32	579.05	0.4%
250,000	951.67	979.91	28.24	3.0%	237.50	225.00	-12.50	15.74	1,204.91	1.3%
325,000	1,354.90	1,402.73	47.83	3.5%	308.75	292.50	-16.25	31.58	1,695.23	1.9%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 2" METER

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.27 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 GPF	PROPOSED GPF	INCREASE IN 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	240.64	242.92	2.28	0.9%	54.15	51.30	-2.85	-0.57	294.22	-0.2%
128,000	398.97	404.09	5.12	1.3%	121.60	115.20	-6.40	-1.28	519.29	-0.2%
250,000	671.03	681.03	10.00	1.5%	237.50	225.00	-12.50	-2.50	906.03	-0.3%
325,000	838.28	851.28	13.00	1.6%	308.75	292.50	-16.25	-3.25	1,143.78	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR IRRIGATION CUSTOMERS WITH A 3" METER

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 112,000 GALLONS
 TIER 2 = \$ 3.10 FOR 112,001 - 256,000 GALLONS
 TIER 3 = \$ 4.23 FOR 256,001 - 512,000 GALLONS
 TIER 4 = \$ 5.76 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 GPF	PROPOSED GPF	INCREASE IN 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	338.55	340.55	2.00	0.6%	47.50	45.00	-2.50	-0.50	385.55	-0.1%
150,000	591.19	599.09	7.90	1.3%	142.50	135.00	-7.50	0.40	734.09	0.1%
300,000	1,089.33	1,113.81	24.48	2.2%	285.00	270.00	-15.00	9.48	1,383.81	0.7%
500,000	1,903.33	1,959.81	56.48	3.0%	475.00	450.00	-25.00	31.48	2,409.81	1.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 3" METER

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.27 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 GPF	PROPOSED GPF	INCREASE IN 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	338.55	340.55	2.00	0.6%	47.50	45.00	-2.50	-0.50	385.55	-0.1%
150,000	561.55	567.55	6.00	1.1%	142.50	135.00	-7.50	-1.50	702.55	-0.2%
300,000	896.05	908.05	12.00	1.3%	285.00	270.00	-15.00	-3.00	1,178.05	-0.3%
500,000	1,342.05	1,362.05	20.00	1.5%	475.00	450.00	-25.00	-5.00	1,812.05	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR IRRIGATION CUSTOMERS WITH A 4" METER

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 175,000 GALLONS
 TIER 2 = \$ 3.10 FOR 175,001 - 400,000 GALLONS
 TIER 3 = \$ 4.23 FOR 400,001 - 800,000 GALLONS
 TIER 4 = \$ 5.76 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 GPF	PROPOSED GPF	INCREASE IN 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	1,121.27	1,139.52	18.25	1.6%	285.00	270.00	-15.00	3.25	1,409.52	0.2%
550,000	2,032.77	2,084.02	51.25	2.5%	522.50	495.00	-27.50	23.75	2,579.02	0.9%
700,000	2,643.27	2,718.52	75.25	2.8%	665.00	630.00	-35.00	40.25	3,348.52	1.2%
850,000	3,324.77	3,429.52	104.75	3.2%	807.50	765.00	-42.50	62.25	4,194.52	1.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 4" METER

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.27 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 GPF	PROPOSED GPF	INCREASE IN 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	1,023.77	1,035.77	12.00	1.2%	285.00	270.00	-15.00	-3.00	1,305.77	-0.2%
550,000	1,581.27	1,603.27	22.00	1.4%	522.50	495.00	-27.50	-5.50	2,098.27	-0.3%
700,000	1,915.77	1,943.77	28.00	1.5%	665.00	630.00	-35.00	-7.00	2,573.77	-0.3%
850,000	2,250.27	2,284.27	34.00	1.5%	807.50	765.00	-42.50	-8.50	3,049.27	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 6" METER

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 860,000 GALLONS
 TIER 2 = \$ 3.10 FOR 860,001 - 2,000,000 GALLONS
 TIER 3 = \$ 4.23 FOR 2,000,001 - 3,500,000 GALLONS
 TIER 4 = \$ 5.76 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 GPF	PROPOSED GPF	INCREASE IN 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	1,657.29	1,674.29	17.00	1.0%	403.75	382.50	-21.25	-4.25	2,056.79	-0.2%
1,000,000	3,048.74	3,095.74	47.00	1.5%	950.00	900.00	-50.00	-3.00	3,995.74	-0.1%
1,500,000	4,553.74	4,645.74	92.00	2.0%	1,425.00	1,350.00	-75.00	17.00	5,995.74	0.3%
2,000,000	6,058.74	6,195.74	137.00	2.3%	1,900.00	1,800.00	-100.00	37.00	7,995.74	0.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 6" METER

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.27 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 GPF	PROPOSED GPF	INCREASE IN 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	1,657.29	1,674.29	17.00	1.0%	403.75	382.50	-21.25	-4.25	2,056.79	-0.2%
1,000,000	2,939.54	2,979.54	40.00	1.4%	950.00	900.00	-50.00	-10.00	3,879.54	-0.3%
1,500,000	4,054.54	4,114.54	60.00	1.5%	1,425.00	1,350.00	-75.00	-15.00	5,464.54	-0.3%
2,000,000	5,169.54	5,249.54	80.00	1.5%	1,900.00	1,800.00	-100.00	-20.00	7,049.54	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 8" METER

BASE RATE \$ 1,135.26

COMMODITY RATE: TIER 1 = \$ 2.27 FOR 0 - 860,000 GALLONS
 TIER 2 = \$ 3.10 FOR 860,001 - 2,000,000 GALLONS
 TIER 3 = \$ 4.23 FOR 2,000,001 - 3,500,000 GALLONS
 TIER 4 = \$ 5.76 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 GPF	PROPOSED GPF	INCREASE IN 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	2,083.01	2,100.01	17.00	0.8%	403.75	382.50	-21.25	-4.25	2,482.51	-0.2%
1,000,000	3,474.46	3,521.46	47.00	1.4%	950.00	900.00	-50.00	-3.00	4,421.46	-0.1%
1,500,000	4,979.46	5,071.46	92.00	1.8%	1,425.00	1,350.00	-75.00	17.00	6,421.46	0.3%
2,000,000	6,484.46	6,621.46	137.00	2.1%	1,900.00	1,800.00	-100.00	37.00	8,421.46	0.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON
FOR COMMERCIAL AND MULTIFAMILY CUSTOMERS WITH A 8" METER

BASE RATE \$ 1,135.26

COMMODITY RATE: TIER 1 = \$ 2.27 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 GPF	PROPOSED GPF	INCREASE IN 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	2,083.01	2,100.01	17.00	0.8%	403.75	382.50	-21.25	-4.25	2,482.51	-0.2%
1,000,000	3,365.26	3,405.26	40.00	1.2%	950.00	900.00	-50.00	-10.00	4,305.26	-0.2%
1,500,000	4,480.26	4,540.26	60.00	1.3%	1,425.00	1,350.00	-75.00	-15.00	5,890.26	-0.3%
2,000,000	5,595.26	5,675.26	80.00	1.4%	1,900.00	1,800.00	-100.00	-20.00	7,475.26	-0.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 1.5" METER - RECLAIMED WATER USE

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.23 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 GPF	PROPOSED GPF	INCREASE IN 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	-	70.95	0.0%
50,000	180.95	182.45	1.50	0.8%	25.00	23.50	(1.50)	(0.00)	205.95	0.0%
135,000	367.95	372.00	4.05	1.1%	67.50	63.45	(4.05)	0.00	435.45	0.0%
200,000	510.95	516.95	6.00	1.2%	100.00	94.00	(6.00)	-	610.95	0.0%
250,000	620.95	628.45	7.50	1.2%	125.00	117.50	(7.50)	-	745.95	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 2" METER - RECLAIMED WATER USE

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.23 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 GPF	PROPOSED GPF	INCREASE IN 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	-	113.53	0.0%
150,000	400.95	405.45	4.50	1.1%	75.00	70.50	(4.50)	-	475.95	0.0%
300,000	730.95	739.95	9.00	1.2%	150.00	141.00	(9.00)	-	880.95	0.0%
450,000	1,060.95	1,074.45	13.50	1.3%	225.00	211.50	(13.50)	-	1,285.95	0.0%
600,000	1,390.95	1,408.95	18.00	1.3%	300.00	282.00	(18.00)	-	1,690.95	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 3" METER - RECLAIMED WATER USE

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.23 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 GPF	PROPOSED GPF	INCREASE IN 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	-	227.05	0.0%
20,000	271.05	271.65	0.60	0.2%	10.00	9.40	(0.60)	0.00	281.05	0.0%
50,000	337.05	338.55	1.50	0.4%	25.00	23.50	(1.50)	-	362.05	0.0%
100,000	447.05	450.05	3.00	0.7%	50.00	47.00	(3.00)	(0.00)	497.05	0.0%
150,000	557.05	561.55	4.50	0.8%	75.00	70.50	(4.50)	-	632.05	0.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

FOR CUSTOMERS WITH A 4" METER - RECLAIMED WATER USE

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.23 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 GPF	PROPOSED GPF	INCREASE IN 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	-	354.77	0.0%
150,000	684.77	689.27	4.50	0.7%	75.00	70.50	(4.50)	-	759.77	0.0%
300,000	1,014.77	1,023.77	9.00	0.9%	150.00	141.00	(9.00)	-	1,164.77	0.0%
450,000	1,344.77	1,358.27	13.50	1.0%	225.00	211.50	(13.50)	-	1,569.77	0.0%
600,000	1,674.77	1,692.77	18.00	1.1%	300.00	282.00	(18.00)	-	1,974.77	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 = \$ 2.23 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 GPF	PROPOSED GPF	INCREASE IN 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	11,859.54	150.00	1.3%	2,500.00	2,350.00	(150.00)	-	14,209.54	0.0%
10,000,000	22,709.54	23,009.54	300.00	1.3%	5,000.00	4,700.00	(300.00)	-	27,709.54	0.0%
15,000,000	33,709.54	34,159.54	450.00	1.3%	7,500.00	7,050.00	(450.00)	-	41,209.54	0.0%
20,000,000	44,709.54	45,309.54	600.00	1.3%	10,000.00	9,400.00	(600.00)	-	54,709.54	0.0%

APPENDIX D

Other Service Fees & Charges

D-1 Security Deposits

D-2 Proposed Meter Installation Fees

D-3 Supporting Documentation for Meter Installation Fees

SERVICE FEES AND CHARGES

Proposed Security Deposits

Purpose: To reduce the Utility's financial loss when tenants and landlords leave their premises with unpaid balances on the accounts.

	<u>Current</u>	<u>Proposed</u>
Non-Property Owner Accounts	\$100.00	\$150.00
Landlord Accounts	\$50.00	\$75.00

NOTES:

There are no proposed changes to the single family residential owner occupied accounts.
There are no proposed changes to the commercial, multifamily or construction accounts.

SERVICE FEES AND CHARGES

Proposed Meter Installation Fees

Purpose: To provide the Utility a means of recovering labor and material costs related to installing water meters.

Costs: The costs related to installing water meters include staff labor, water meters and travel. Refer to page D-3 for an itemized description of all costs.

Due to increased costs to perform this service, it is recommended that the Meter Installation Fees increase as shown:

Proposed Meter Installation Fees			
Meter Size	Meter Type	Current Fees	Proposed Fees
5/8 x 3/4	standard	\$ 296.00	\$ 299.25
3/4 x 3/4	standard	\$ 296.00	\$ 312.75
1	standard	\$ 370.00	\$ 376.75
1.5	irrigation (turbine) T2	\$ 1,105.00	\$ 1,111.73
1.5	high use (compound) C2	\$ 1,568.00	\$ 1,571.73
2	irrigation (turbine) T2	\$ 1,280.00	\$ 1,261.73
2	high use (compound) C2	\$ 1,795.00	\$ 1,792.63
3	irrigation (turbine)	\$ 1,575.00	\$ 1,637.33
3	high use (compound)	\$ 2,224.00	\$ 2,222.33
4	irrigation (turbine)	\$ 2,868.00	\$ 3,038.37
4	high use (compound)	\$ 3,758.00	\$ 3,745.37
6	irrigation (turbine)	\$ 5,093.00	\$ 5,442.85
6	high use (compound)	\$ 6,452.00	\$ 6,442.85
8	irrigation (turbine)	\$ 7,635.00	\$ 8,398.60
8	high use (compound)	N/A	\$ 9,698.60

Meter installation fees are paid by developers at the time a new meter is purchased.

Meter installation fees are subject to 8.1% sales tax.

The proposed fees include the cost of meter plus labor costs to install.

Service Fees and Charges

Supporting Documentation for Proposed Meter Installation Fees:

Meter Size	Meter Type	Meter	AMI Equip.	Total Meter Costs	FTEs Req'd	Hours to Install	Labor Cost Per Hour	Total Labor Costs	Total Labor & Materials
5/8 x 3/4	standard iPerl	\$ 122.50	\$ 151.00	\$ 273.50	1	1.00	\$ 25.75	\$ 25.75	\$ 299.25
3/4 x 3/4	standard iPerl	\$ 136.00	\$ 151.00	\$ 287.00	1	1.00	\$ 25.75	\$ 25.75	\$ 312.75
1	standard iPerl	\$ 200.00	\$ 151.00	\$ 351.00	1	1.00	\$ 25.75	\$ 25.75	\$ 376.75
1.5	irrigation (turbo) Omni T2	\$ 850.00	\$ 151.00	\$ 1,001.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,111.73
1.5	high use (compound) Omni C2	\$ 1,310.00	\$ 151.00	\$ 1,461.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,571.73
2	irrigation (turbo) Omni T2	\$ 1,000.00	\$ 151.00	\$ 1,151.00	2	2.15	\$ 25.75	\$ 110.73	\$ 1,261.73
2	high use (compound) Omni C2	\$ 1,500.00	\$ 151.00	\$ 1,651.00	2	2.75	\$ 25.75	\$ 141.63	\$ 1,792.63
3	irrigation (turbo) Omni T2	\$ 1,315.00	\$ 151.00	\$ 1,466.00	2	2.75	\$ 31.15	\$ 171.33	\$ 1,637.33
3	high use (compound) Omni C2	\$ 1,900.00	\$ 151.00	\$ 2,051.00	2	2.75	\$ 31.15	\$ 171.33	\$ 2,222.33
4	irrigation (turbo) Omni T2	\$ 2,593.00	\$ 151.00	\$ 2,744.00	3	3.15	\$ 31.15	\$ 294.37	\$ 3,038.37
4	high use (compound) Omni C2	\$ 3,300.00	\$ 151.00	\$ 3,451.00	3	3.15	\$ 31.15	\$ 294.37	\$ 3,745.37
6	irrigation (turbo) Omni T2	\$ 4,700.00	\$ 151.00	\$ 4,851.00	4	4.75	\$ 31.15	\$ 591.85	\$ 5,442.85
6	high use (compound) Omni C2	\$ 5,700.00	\$ 151.00	\$ 5,851.00	4	4.75	\$ 31.15	\$ 591.85	\$ 6,442.85
8	irrigation (turbo)	\$ 7,500.00	\$ 151.00	\$ 7,651.00	4	6.00	\$ 31.15	\$ 747.60	\$ 8,398.60
8	high use (compound) Omni C2	\$ 8,800.00	\$ 151.00	\$ 8,951.00	4	6.00	\$ 31.15	\$ 747.60	\$ 9,698.60

Assumptions:

Sensus Meter & AMR equipment costs quoted by Dana Kepner 11/22/13.

Average hourly rate for an Operator 1 is \$18.05 per hour plus benefits of \$7.70 per hour.

Average hourly rate for an Operator 2 and above is \$22.95 per hour plus benefits of \$8.20 per hour.

Hours to install includes travel time of 15 minutes each way.

Use of iPerl meters for 5/8, 3/4 and 1-inch are proposed because of the following reasons:

iPerl meters measure flow as low as .03 gpm and up to 25 gpm (for 5/8-inch)

The current meters being used measure flow from .25 gpm and up to 20 gpm

The iPerl meter contain no moving parts & have a 20-year life

The current meters being used contain moving parts & have a 10-year life

Use of Omni meters for 1.5 and 2-inch meters are proposed because of the following reasons:

C2 meters measure flow as low as .5 gpm and up to 200 gpm

The current meters being used measure flow from 2 gpm to 200 gpm

T2 meters measure flow as low as 1.25 gpm up to 200 gpm (1.5-inch)

The current meters being used measure flow from 4 gpm to 120 gpm

T2 meters measure flow as low as 1.5 gpm up to 200 gpm (2-inch)

The current meters being used measure flow from 4 gpm to 160 gpm

Additionally C2 & T2 meters can be tested without removing the meter and has data logging capability to record up to 31 days of of water use on an hourly basis.

APPENDIX E

5-Year Capital Improvement Schedules

E-1 Operating Fund

E-2 Groundwater Preservation Fee

E-2 Alternative Water Resource Development Impact Fee Fund

E-2 Potable Water System Development Impact Fee Fund

**Water Utility Operating Fund
Existing System Capital Improvements**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 YearTotal
Wells							
1	Steam Pump Drill and Construct				\$ 600,000	\$ 800,000	\$ 1,400,000
2	Well E2 Upgrade			\$ 100,000			\$ 100,000
3	Hydropneumatic Tank Replace.		\$ 60,000				\$ 60,000
4	Replace Well Pumps			\$ 75,000		\$ 75,000	\$ 150,000
Subtotal		\$ -	\$ 60,000	\$ 175,000	\$ 600,000	\$ 875,000	\$ 1,710,000
Reservoirs							
5	El Con Storage - Ops. Improve.				\$ 50,000		\$ 50,000
6	Big Wash Reservoir Coating			\$ 100,000			\$ 100,000
Subtotal		\$ -	\$ -	\$ 100,000	\$ 50,000	\$ -	\$ 150,000
Boosters							
7	Energy Efficiency Bstr. Upgrades	\$ 150,000	\$ 100,000				\$ 250,000
8	Deer Run Booster PRV Installation			\$ 40,000			\$ 40,000
9	Hydropneumatic Tank Replace.		\$ 20,000	\$ 60,000	\$ 60,000		\$ 140,000
10	Reclaimed Bstr. & Pump Replace.			\$ 200,000			\$ 200,000
Subtotal		\$ 150,000	\$ 120,000	\$ 300,000	\$ 60,000	\$ -	\$ 630,000
Mains							
11	W. Lambert Ln. 12" Main Relo	\$ 75,000	\$ 350,000				\$ 425,000
12	Naranja Shannon / La Cholla Main Relo	\$ 50,000					\$ 50,000
13	Tangerine Shannon/ La Canada Main Relo	\$ 75,000	\$ 100,000				\$ 175,000
14	Relocate 3 PRV'S OV Area			\$ 100,000			\$ 100,000
15	New "F to D" 6 Inch PRV Cliff Dweller	\$ 60,000					\$ 60,000
16	Rancho Verde Hydrants			\$ 200,000			\$ 200,000
17	Main Valve Replacements	\$ 50,000					\$ 50,000
18	CS1 to CS2 12 Inch Main Replace.	\$ 500,000					\$ 500,000
19	El Con. Patio Homes/Casitas Main Repl.					\$ 100,000	\$ 100,000
20	System Connection Upgrades	\$ 100,000	\$ 100,000				\$ 200,000
Subtotal		\$ 910,000	\$ 550,000	\$ 300,000	\$ -	\$ 100,000	\$ 1,860,000
Structures & Walls							
21	Security Walls					\$ 75,000	\$ 75,000
Subtotal		\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 75,000
Meters & Equipment							
22	AMI Meter Replacement - Oro Valley	\$ 2,200,000	\$ 1,800,000				\$ 4,000,000
23	Machinery & Equipment	\$ 103,020	\$ 98,000	\$ 91,000	\$ 69,000		\$ 361,020
24	SCADA server and monitors					\$ 50,000	\$ 50,000
25	SCADA Legacy Replacement					\$ 100,000	\$ 100,000
26	Golf Course Metering Stations Mod.					\$ 50,000	\$ 50,000
Subtotal		\$ 2,303,020	\$ 1,898,000	\$ 91,000	\$ 69,000	\$ 200,000	\$ 4,561,020
Vehicles							
27	Meters Vehicles		\$ 70,000	\$ 45,000			\$ 115,000
28	Distribution Vehicles	\$ 85,000		\$ 70,000		\$ 50,000	\$ 205,000
29	Production Vehicles	\$ 30,000	\$ 50,000		\$ 70,000		\$ 150,000
30	Director Vehicle		\$ 35,000				\$ 35,000
31	Pool Vehicles			\$ 25,000		\$ 25,000	\$ 50,000
32	Backhoe & Trailer	\$ 119,000					\$ 119,000
33	On Call Service Truck s			\$ 90,000			\$ 90,000
Subtotal		\$ 234,000	\$ 155,000	\$ 230,000	\$ 70,000	\$ 75,000	\$ 764,000
Total Existing System Improvements		\$ 3,597,020	\$ 2,783,000	\$ 1,196,000	\$ 849,000	\$ 1,325,000	\$ 9,750,020

**Groundwater Preservation Fee Revenue
Renewable Water Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
1	24 Inch Reclaim Main Tangerine (DIS) RTA	\$ 100,000	\$ 350,000				\$ 450,000
Total Expansion Related Capital Improvements		\$ 100,000	\$ 350,000	\$ -	\$ -	\$ -	\$ 450,000

**Alternative Water Resources Development Impact Fee Fund
CAP Water Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
1	CAP La Cholla D-E Blending Booster Station	\$ 700,000					\$ 700,000
2	CAP Wheeling TW Naranja 1000 AF/Yr				\$ 400,000	\$ 400,000	\$ 800,000
3	24" pipe Naranja/ La Cholla/Tangerine					\$ 1,600,000	\$ 1,600,000
4	TW Naranja Booster Station Upgrade					\$ 1,200,000	\$ 1,200,000
5	TW Oasis Booster Station Upgrades					\$ 30,000	\$ 30,000
6	TW 12" Pipe					\$ 80,000	\$ 80,000
7	TW 16" Pipe Oasis Rd.					\$ 100,000	\$ 100,000
Total Alternative Water Capital Improvements		\$ 700,000	\$ -	\$ -	\$ 400,000	\$ 3,410,000	\$ 4,510,000

**Potable Water System Development Impact Fee Fund
Expansion Related Capital Projects**

Project No.	Project Name	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	5 Year Total
Total Expansion Related Capital Improvements		\$ -					



Town Council Regular Session

Item # 4.

Meeting Date: 01/07/2015
Requested by: Councilmember Snider & Mayor Hiremath
Submitted By: Julie Bower, Town Clerk's Office
Department: Town Clerk's Office

Information

SUBJECT:

DISCUSSION AND POSSIBLE DIRECTION REGARDING A COUNCIL RULE FOR PRESENTATIONS FROM COUNCILMEMBERS

RECOMMENDATION:

N/A

EXECUTIVE SUMMARY:

Councilmember Snider and Mayor Hiremath have requested that the item be placed on the agenda for discussion.

BACKGROUND OR DETAILED INFORMATION:

N/A

FISCAL IMPACT:

N/A

SUGGESTED MOTION:

I MOVE to _____
