

**\*AMENDED (1/5/16, 4:45 PM)**  
**AGENDA**  
**ORO VALLEY TOWN COUNCIL**  
**REGULAR SESSION**  
**January 6, 2016**  
**ORO VALLEY COUNCIL CHAMBERS**  
**11000 N. LA CAÑADA DRIVE**

**REGULAR SESSION AT OR AFTER 5:00 PM**

**CALL TO ORDER**

**ROLL CALL**

**\*EXECUTIVE SESSION** - Pursuant to ARS 38-431.03(A)(3) for the purposes of discussion or consultation for legal advice with the attorneys for the public body regarding existing contracts and obligations with HSL for public facilities

**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.

**PRESENTATIONS**

1. Presentation - Youth Art Program by the Arts and Culture Ambassadors

## **CONSENT AGENDA**

### **(Consideration and/or possible action)**

- A. Minutes - December 2, 2015
- B. Fiscal Year 2015/16 Financial Update through October 2015
- C. Fiscal Year 2015/16 Financial Update through November 2015
- D. Reappointment to the Tucson-Pima County Bicycle Advisory Committee
- E. Resolution No. (R)16-01, approving the Town's annual Legislative Agenda, protocols guiding the Town's priorities for the upcoming legislative session and any lobbying activities

## **REGULAR AGENDA**

- 1. DISCUSSION AND POSSIBLE DIRECTION ON THE PUBLIC-PRIVATE PARTNERSHIP WITH TOHONO CHUL PARK TO COMPLETE PHASE 1 OF THE 420-SEATED EVENT PAVILION
- 2. PUBLIC HEARING: RESOLUTION NO. (R)16-02, AUTHORIZING AND APPROVING INCREASES IN WATER RATES, FEES AND CHARGES FOR THE TOWN OF ORO VALLEY WATER UTILITY
- 3. PUBLIC HEARING: ORDINANCE NO. (O)16-01, REZONING AN EXISTING 26.3 ACRE TOWNHOME DEVELOPMENT LOCATED AT THE NORTHEAST AND SOUTHEAST CORNERS OF MOUNTAIN VISTA DRIVE AND ORACLE ROAD FROM R1-144 TO VERDE CATALINA TOWNHOMES PLANNED AREA DEVELOPMENT (PAD)
- 4. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING A MEMORIAL FOR BILL ADLER
- 5. DISCUSSION AND POSSIBLE DIRECTION TO STAFF TO DEVELOP EQUINE THERAPY AT STEAM PUMP RANCH TO INCLUDE PARTNERING WITH NON-PROFITS AND 501(C)(3) ORGANIZATIONS
- 6. DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING PARTNERING WITH HOST COMPLIANCE LLC TO ASSIST WITH IDENTIFYING PRIVATELY-OWNED, SHORT-TERM RESIDENTIAL PROPERTIES TO MONITOR AND ENFORCE PERMITTING AND LODGING TAX PAYMENT COMPLIANCE OF THE PROPERTY OWNERS
- 7. \*DISCUSSION AND POSSIBLE DIRECTION TO STAFF TO RESEARCH THE FEASIBILITY OF ENTERING INTO A LEASE AGREEMENT WITH A THIRD PARTY ~~INTEGRITY GOLF COMPANY LLC~~ TO MANAGE THE TOWN'S GOLF FACILITIES
- 8. MOTION FOR RECONSIDERATION OF THE DECEMBER 2, 2015 DIRECTION GIVEN TO DEVELOP SIGN LIGHTING STANDARDS

**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: 12/30/15 at 5:00 p.m. by mrs

AMENDED AGENDA POSTED: 1/5/16 at 4:45 p.m. by mrs

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

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

### ***INSTRUCTIONS TO SPEAKERS***

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

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

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

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

**Thank you for your cooperation.**



**Town Council Regular Session**

**Item # 1.**

**Meeting Date:** 01/06/2016  
Presentation of the Youth Art Program

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**Information**

**Subject**

Presentation - Youth Art Program by the Arts and Culture Ambassadors

**Summary**

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**Town Council Regular Session**

**Item # A.**

**Meeting Date:** 01/06/2016

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

**Department:** Town Clerk's Office

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**Information**

**SUBJECT:**

Minutes - December 2, 2015

**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 2, 2015 minutes.

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**Attachments**

12/2/15 Draft Minutes

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**MINUTES  
ORO VALLEY TOWN COUNCIL  
REGULAR SESSION  
December 2, 2015  
ORO VALLEY COUNCIL CHAMBERS  
11000 N. LA CANADA DRIVE**

**REGULAR SESSION AT OR AFTER 6:00 PM**

**CALL TO ORDER**

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

**ROLL CALL**

**PRESENT:**

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

**PLEDGE OF ALLEGIANCE**

Mayor Hiremath led the audience in the Pledge of Allegiance

**UPCOMING MEETING ANNOUNCEMENTS**

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

**COUNCIL REPORTS and Spotlight on Youth**

Councilmember Hornat reported that he and Vice Mayor Waters attended the American Kennel Club Dog Show held at Naranja Park a couple of weekends ago, where Vice Mayor Waters presented the *best of show*. He stated it was a great event and was very well attended.

Councilmember Hornat attended the 107th Arizona Town Hall held in Mesa, Arizona, where they addressed what actions would help to successfully manage the current and future water needs of the state.

Councilmember Hornat attended the Veterans Day Event at Pusch Ridge Christian Academy with the Legion Color Guard. He said it was a great event and very patriotic.

Councilmember Zinkin encouraged citizens to contact their congressman regarding the Fixing America's Surface Transportation Act (FAST Act) which authorized federal surface transportation programs through fiscal year (FY) 2020.

Councilmember Snider encouraged citizens to participate in the Amphi Schools *Stuff the Amphi Bus* event held December 5-13, 2015.

Councilmember Snider recognized Hannah Semon, Senior at Ironwood Ridge High School, for her outstanding grades and her service and contributions to the community.

## **DEPARTMENT REPORTS**

Economic Development Director Amanda Jacobs introduced Dick Eggerding and Sasha Case as the Arts and Culture Ambassadors.

Dick Eggerding and Sasha Case introduced the artwork on display in the Council Chambers which included pieces of artwork created by students from Immaculate Heart School, Wilson Elementary School, Copper Creek Elementary, Basis, and Painted Sky Elementary.

## **ORDER OF BUSINESS**

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

## **INFORMATIONAL ITEMS**

1. Letter of Appreciation - Oro Valley Police Department
2. Councilmember Zinkin - 2015 NLC Congress of Cities Trip Report
3. Councilmember Hornat - 2015 Arizona Town Hall Trip Report

## **CALL TO AUDIENCE**

No comments were received.

## **CONSENT AGENDA**

Councilmember Zinkin requested that items (B) and (F) be removed from the Consent Agenda for discussion.

Councilmember Garner requested that item (E) be removed from the Consent Agenda for discussion.

- A. Minutes - November 18, 2015

- C. Approval of the 2016 regular Town Council meeting schedule
- D. Approval of Council liaison assignments
- G. Council approval of M3S Sports' request for in-kind support for the Arizona Distance Classic
- H. (Re)appointments to various boards and commissions: Board of Adjustment (BOA), Conceptual Design Review Board (CDRB), Historic Preservation Commission (HPC), Parks and Recreation Advisory Board (PRAB), Planning and Zoning Commission (PZC), Storm Water Utility Commission (SWUC) and Water Utility Commission (WUC)

**MOTION:** A motion was made by Vice Mayor Waters and seconded by Councilmember Garner to approve Consent Agenda items (A), (C-D), (G-H).

**MOTION** carried, 7-0.

- B. Fiscal Year 2015/16 Financial Update through September 2015

Councilmember Zinkin inquired about the Fiscal Year 2015/16 Financial Update through September 2015 and discussed his concerns with the Community Center and Golf Fund revenues, Capital Improvement Projects and funding.

Discussion ensued amongst Council and staff regarding the Fiscal Year 2015/16 Financial Update through September 2015.

**MOTION:** A motion was made by Councilmember Garner and seconded by Councilmember Zinkin to accept item (B).

**MOTION** carried, 7-0.

- E. Resolution No. (R)15-70, authorizing and approving a one (1) year extension to the lease between the Town of Oro Valley and Town West Realty, Inc.

Councilmember Garner asked for clarification regarding the proposed lease agreement including the total square footage and cost for the property located at Mountain View Plaza.

Deputy Chief Larry Stevens clarified the square footage of the property was 1,200 square feet at \$16.00 per square foot of rental space.

Discussion ensued amongst Council and staff regarding the proposed lease extension for the Police Department Substation.

**MOTION:** A motion was made by Councilmember Snider and seconded by Vice Mayor Waters to approve item (E).

**MOTION** carried, 6-1 with Councilmember Zinkin opposed.

F. Resolution No. (R)15-71, providing Notice of Intent to increase water rates, fees and charges for the Oro Valley Water Utility

Councilmember Zinkin requested clarification and understanding of item (F).

Water Utility Director Philip Saletta explained the purpose for the Notice of Intent to increase water rates, fees and charges for the Oro Valley Water Utility.

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

**MOTION** carried, 7-0.

## **REGULAR AGENDA**

### **1. NOMINATION AND ELECTION OF VICE MAYOR**

Councilmember Hornat nominated Vice Mayor Lou Waters to serve as Vice Mayor for 2016, seconded by Councilmember Snider.

**MOTION:** A motion was made by Councilmember Hornat and seconded by Councilmember Snider to approve the nomination of Vice Mayor Lou Waters as Vice Mayor for 2016.

**MOTION** carried, 6-0 with Councilmember Zinkin abstained.

### **2. PRESENTATION AND ACCEPTANCE OF THE TOWN'S ANNUAL FINANCIAL AUDIT FOR FISCAL YEAR ENDING JUNE 30, 2015**

Town Finance Director Stacey Lemos gave an overview of the Town's annual financial audit for fiscal year ending June 30, 2015 and introduced Mr. Corey Arvizu, CPA and Partner with Heinfeld, Meech & Co., P.C.

Mr. Arvizu gave an overview of the process and highlights regarding the completed financial audit for the Town for fiscal year ending June 30, 2015.

Discussion ensued amongst Council, staff, and Mr. Arvizu regarding the annual financial audit for fiscal year ending June 30, 2015.

**MOTION:** A motion was made by Vice Mayor Waters and seconded by Councilmember Zinkin to accept the Town's financial audit for fiscal year ending June 30, 2015.

**MOTION** carried, 7-0.

**3. PRESENTATION BY THE TOWN'S INSURANCE CONSULTANT, CBIZ, REGARDING THE EMPLOYEE SELF-FUNDED HEALTHCARE PLAN PERFORMANCE FOR FISCAL YEAR 2014-15**

Human Resource Director Gary Bridget gave a brief introduction of the Self-Funded Healthcare Plan Performance for Fiscal Year 2014-15 and introduced CBIZ Senior Vice President Oscar Diaz.

Mr. Diaz gave an overview of the Self-Funded Healthcare Plan Performance that included the following:

- Self-funding of Program and its Advantages
- Three Year History of Total Medical Plan Costs
- Historical Cost Drivers
- Future Strategy Considerations to Mitigate Increases in Future Costs

Discussion ensued amongst Council, Mr. Diaz and staff regarding the Employee Self-Funded Healthcare Plan Performance for Fiscal Year 2014-15.

**4. DISCUSSION AND POSSIBLE ACTION REGARDING A PROPOSED CONCEPTUAL SITE PLAN, GOLF COURSE SETBACK REDUCTIONS AND CONCEPTUAL LANDSCAPE PLAN FOR A PROPOSED 28-LOT SHORT-TERM RENTAL DEVELOPMENT LOCATED NEAR THE NORTHERN TERMINUS OF HOHOKAM VILLAGE DRIVE IN THE STONE CANYON COMMUNITY**

Senior Planner Rosevelt Arellano gave an overview of the proposed Conceptual Site Plan, Golf Course Setback Reductions and Conceptual Landscape Plan for a Proposed 28-Lot Short-Term Rental Development that included the following:

- Purpose
- Conceptual Site Plan
- Landscape Plan
- Public Participation
- Summary / Recommendation

Zach Hilgart, Civil Engineer, representing the applicant, spoke regarding the proposed business plan for item #4.

**MOTION:** A motion was made by Vice Mayor Waters and seconded by Councilmember Hornat to approve the Conceptual Site Plan and Landscape Plan for the 28-lot short-term rental development, subject to the conditions in Attachment 1, finding that the request is consistent with the Rancho Vistoso PAD and Design Principals, and Standards of the Zoning Code.

Stone Canyon Golf Casitas Conceptual Site Plan and Landscape Plan Conditions of Approval. Attachment 1

1. The final Site Plan shall incorporate pedestrian easements for all proposed sidewalks and trails.

**MOTION** carried, 7-0.

**MOTION:** A motion was made by Vice Mayor Waters and seconded by Councilmember Zinkin to approve the golf course setback reductions for the 28-lot short-term rental development, finding that the request meets the intent of the Golf Course Overlay Zone District.

**MOTION** carried, 7-0.

Mayor Hiremath recessed the meeting at 7:57 p.m.

Mayor Hiremath reconvened the meeting at 8:05 p.m.

## **5. PRESENTATION AND APPROVAL OF THE JAMES D. KRIEGH PARK CONCEPTUAL SITE PLAN**

Parks and Recreation Director Kristy Diaz-Trahan gave an overview of the James D. Kriegh Park Conceptual Site Plan that included the following:

- The Property - Review
- Conceptual Site Plan

Discussion ensued amongst Council and staff regarding the proposed James D. Kriegh Park Conceptual Site Plan.

**MOTION:** A motion was made by Vice Mayor Waters and seconded by Councilmember Snider to approve the James D. Kriegh Park Conceptual Site Plan as presented.

**MOTION** carried, 7-0.

## **6. SIGN LIGHTING CODE AMENDMENT UPDATE AND POSSIBLE DIRECTION**

Senior Planning Technician Patty Hayes gave an overview of the sign lighting code amendment update that included the following:

- Purpose
- Signs
- Typical Sign for Nit Measurement
- Typical Wall Sign for Kelvin Measurements
- Direction and Next Steps

Discussion ensued amongst Council and staff regarding the sign lighting code amendment update and possible direction.

The following individual spoke on item #6.

Oro Valley resident Gil Alexander

Discussion continued amongst Council and staff regarding the sign lighting code amendment update and possible direction.

**MOTION:** A motion was made by Councilmember Garner and seconded by Vice Mayor Waters to direct staff to work with Oro Valley resident Gil Alexander to determine the most effective way to measure sign brightness and also develop a sign lighting standard.

**MOTION** carried, 6-1 with Mayor Hiremath opposed.

#### **7. MOTION FOR RECONSIDERATION OF THE NOVEMBER 18, 2015 PERSONNEL ACTION REGARDING COUNCILMEMBER ZINKIN**

Councilmember Zinkin recused himself from item (7).

Councilmember Garner presented item #7.

**MOTION:** A motion was made by Councilmember Garner and seconded by Councilmember Burns to reconsider the November 18, 2015 personnel action regarding Councilmember Zinkin.

**MOTION** failed, 2-4 with Mayor Hiremath, Vice Mayor Waters, Councilmember Hornat, and Councilmember Snider opposed and Councilmember Zinkin recused.

#### **FUTURE AGENDA ITEMS**

No future agenda items were requested.

#### **CALL TO AUDIENCE**

Oro Valley resident Gil Alexander spoke about the Wilson Robotics Competition to be held at Wilson Elementary on December 5, 2015.

#### **ADJOURNMENT**

**MOTION:** A motion was made by Councilmember Snider and seconded by Vice Mayor Waters to adjourn the meeting at 9:07 p.m.

**MOTION** carried, 6-0 with Councilmember Zinkin absent.

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 regular session of the Town of Oro Valley Council of Oro Valley, Arizona held on the 2<sup>nd</sup> day of December, 2015. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

\_\_\_\_\_  
Julie K. Bower, MMC  
Town Clerk

DRAFT



**Town Council Regular Session**

Item # **B.**

**Meeting Date:** 01/06/2016

**Requested by:** Stacey Lemos

**Submitted By:** Wendy Gomez, Finance

**Department:** Finance

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**Information**

**SUBJECT:**

Fiscal Year 2015/16 Financial Update through October 2015

**RECOMMENDATION:**

This item is for information only.

**EXECUTIVE SUMMARY:**

In the General Fund (see attachment A), revenues collected through October totaled \$9.6 million or 29.7% of the budget amount of \$32.2 million. Year-to-date expenditures through October totaled \$9.8 million or 30.7% of the budget amount of \$32.1 million. Please note that expenditures through October include one-third, or approximately \$345,000 of the planned transfer out of one-time construction sales tax and permitting dollars to the CIP Fund for CIP projects. This is a reduced amount that reflects revised one-time revenue projections as discussed in the September financials and referenced below.

In the Highway Fund (see attachment B), revenues collected through October totaled \$1.1 million or 33.5% of the budget amount of \$3.2 million. Year-to-date expenditures through October totaled \$1.2 million or 23.9% of the budget amount of \$4.9 million. It is important to note that the Highway Fund budget included the planned use of \$1.7 million in reserves, as all construction sales tax revenues are now fully accounted for in the General Fund.

In the Bed Tax Fund (see attachment C), revenues collected through October totaled \$245,010 or 25.8% of the budget amount of \$950,000. Year-to-date expenditures through October totaled \$322,840 or 29.7% of the budget amount of \$1.1 million. Please note that expenditures through October include the budgeted transfer of approximately \$230,000 to the Municipal Debt Service Fund for debt service due on the Aquatic Center bonds.

In the Community Center & Golf Fund (see attachments D-1, D-2 and D-3), revenues collected through October totaled \$1.5 million or 20.5% of the budget amount of \$7.4 million. Year-to-date expenditures through October totaled \$2.6 million or 32.1% of the budget amount of \$8.2 million. It is important to note that the year-end estimates for the Troon-managed operations have been revised lower to reflect actual revenue trends observed in the first quarter of this fiscal year and operational changes taking effect in December and remaining in place through the end of the fiscal year. These operational changes include closing the golf courses and restaurant on Mondays, reduced hours at the restaurant, closing the Garden Café, closing the lap pool through May and reduced hours in the fitness and tennis operations.

**BACKGROUND OR DETAILED INFORMATION:**

## GENERAL FUND

Attachment A shows General Fund revenues and expenditures through October, as well as year-end estimates for each category. The estimated year-end projections in the General Fund are as follows:

Revenues \$31,551,593

Less:

Expenditures (\$31,441,980)

Less:

Council-Approved Use of Contingency:

- 8.8 Acre Land Purchase (\$ 265,000) Approved September 2, 2015
- Lawsuit Settlement (\$ 30,000) Approved September 16, 2015
- Special Election Costs (\$ 30,000) Approved June 17, 2015

Est. Decrease in Fund Balance (\$ 215,387)

### General Fund Revenues

- Local sales tax collections in the General Fund total \$4.3 million or 28.3% of the budget amount of \$15.4 million. These revenues are estimated to come in under budget by \$576,000 or 3.8% due entirely to one-time construction sales taxes from updated projections on single family residential building activity and slower commercial development than planned. Single family residential permits for FY 15/16 are estimated at 165, versus 200 budgeted. All other local sales tax categories are trending on budget. Please see Attachment F for a monthly tracking of General Fund local sales tax collections, including construction and utility sales tax.
- License and permit revenues total \$407,729 or 23.1% of the budget amount of \$1.8 million. These revenues are estimated to come in under budget by \$218,000 or 12.4% due to updated projections on residential and commercial building activity, as referenced above.
- Federal grant revenues total \$255,806 or 46.4% of the budget amount of \$551,545. These revenues are estimated to come in under budget by about \$73,000 or 13.2% due to recent financial changes at the Counter Narcotics Alliance (CNA). The loss in revenue will be offset with vacancy savings in the Police Department.
- State shared revenues total \$3.4 million or 32.5% of the budget amount of \$10.4 million, and are estimated to come in over budget by roughly \$145,000 or 1.4%, based on projections from the Arizona Department of Revenue and the League of Arizona Cities and Towns.
- Charges for Services revenues total \$664,268 or 35.4% of the budget amount of \$1.9 million. These revenues are anticipated to come in over budget by about \$90,000 or 4.8% due mostly to revenues at the Aquatic Center.
- Revenues from fines total \$51,817 or 43.2% of the budget amount of \$120,000, and are estimated to come in over budget by \$20,000 or 16.7%, based on observed trends.

### General Fund Expenditures

- Expenditures are estimated to come in under budget by approximately \$630,000 or 2.0%. Of this amount, approximately \$475,000 was planned for one-time CIP projects, to be funded entirely with one-time construction sales taxes and permitting revenues. As noted in the Executive Summary, several projects have been slowed down or placed on hold temporarily due to the updated projections on single family residential and commercial construction activity. Should construction activity increase, these projects can be resumed and may be rolled over into next year's budget if not completed this year. The remaining expenditure budget variance is due to estimated personnel

and department operating savings. Please note that these savings are estimates and are subject to change.

## **HIGHWAY FUND**

### **Highway Fund Revenues**

- State shared highway user revenue funds (HURF) total \$953,779 or 31.9% of the budget amount of \$3.0 million. Highway Fund revenues in total are estimated to come in over budget by nearly \$53,000 or 1.6% due to one-time insurance recoveries and reimbursement from the Pima Association of Governments (PAG) for Transportation Art by Youth (TABY) program expenditures.

### **Highway Fund Expenditures**

- Expenditures are estimated to come in under budget by about \$14,000 or 0.3% due to anticipated personnel savings. Please note that these personnel savings are estimates and are subject to change.

## **BED TAX FUND**

### **Bed Tax Revenues**

- Bed tax revenues total \$243,758 or 25.8% of the budget amount of \$945,000, and are estimated to come in on budget at this time.

### **Bed Tax Fund Expenditures**

- Expenditures are estimated to come in under budget by about \$5,600 or 0.5% due to projected personnel savings. Please note that personnel savings are estimates and are subject to change.

## **COMMUNITY CENTER & GOLF FUND**

Attachment D-1 shows the consolidated financial status of the Community Center and Golf Fund with all revenues and expenditures from Troon and Town-managed operations.

Attachment D-2 shows the monthly line item detail for the Troon-managed operations, specifically revenues and expenditures associated with the golf, tennis, food and beverage and lifeguard operations. The totals in the revenue and expenditure categories in Attachment D-2 tie to the Contracted Operating Revenues and Expenditures in Attachment D-1.

Attachment D-3 shows the revenues and expenditures for the Troon-managed food and beverage operations only.

Please note that the negative fund balance of \$80,576 shown on Attachment F for the Community Center & Golf Fund is projected to turn positive following an anticipated increase in winter and spring activity for golf season and holiday sales tax collections.

### **Community Center & Golf Fund Revenues**

- Revenues in the Community Center & Golf Fund total \$1.5 million or 20.5% of the budget amount of \$7.4 million. Contracted operating revenues from Troon total \$754,231 and Town operating revenues total \$198,478. Local sales tax revenues from the dedicated half-cent sales tax total \$566,952 or 28.3% of the budget amount of \$2,000,000.
- Contracted operating revenues from Troon are estimated to come in under budget by about

\$1,376,000 or 29.0%, based on the revised forecast from Troon through the remainder of the fiscal year. Original budgeted revenues for the Troon-managed functions of golf, food and beverage and tennis operations totaled \$4.7 million for the fiscal year. These revenue estimates have been revised downward to \$3.4 million based on observed trends in the first quarter of this fiscal year.

- Town operating revenues are estimated to come in slightly under budget by about \$14,000 or 2.2% due to revised estimates for tennis court and facility rental income.

### **Community Center & Golf Fund Expenditures**

- Expenditures in the Community Center & Golf Fund total \$2.6 million or 32.1% of the budget amount of \$8.2 million. Contracted operating expenditures from Troon total \$2.2 million and Town operating expenditures total \$199,204. Capital outlay expenditures total \$184,109.
- Contracted operating expenditures from Troon are estimated to come in under budget by about \$928,000 or 14.8% based on the updated forecast from Troon through the remainder of the fiscal year reflecting savings from operational changes that were implemented in December, including closure of the golf courses on Mondays, reduced hours at The Overlook restaurant, reductions in staffing levels in the golf maintenance and restaurant operations, closure of the lap pool through May and reduced hours at the tennis facilities. Original budgeted expenditures for the Troon-managed operations totaled \$6.2 million for the fiscal year. The year-end estimates have been revised downward to \$5.3 million. Accordingly, the year-end net loss for the Troon-managed operations has been revised from \$1.5 million to approximately \$1.96 million.
- The ending fund balance in the Community Center and Golf Fund is estimated at \$259,000.

Please see attachments A, B and C for additional details on the General Fund, Highway Fund and Bed Tax Fund, respectively. See attachments D-1, D-2 and D-3 for additional details on the Community Center & Golf Fund. See Attachment E for a fiscal year-to-date consolidated summary of all Town funds. In addition, as noted earlier, Attachment F includes a breakdown of monthly local sales tax collections for the General Fund.

### **FISCAL IMPACT:**

N/A

### **SUGGESTED MOTION:**

This item is for information only.

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### **Attachments**

[Attachment A - General Fund](#)

[Attachment B - Highway Fund](#)

[Attachment C - Bed Tax Fund](#)

[Attachment D-1 CC & Golf Fund](#)

[Attachment D-2 Troon Cash Flow](#)

[Attachment D-3 Troon F&B](#)

[Attachment E - Summary All Funds](#)

[Attachment F - Gen Fund Local Sales Tax](#)

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**General Fund**

*% Budget Completion through October --- 33.3%*

	Actuals thru 10/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
<b>REVENUES:</b>					
LOCAL SALES TAX	4,341,398	15,350,654	28.3%	14,774,654	-3.8%
LICENSES & PERMITS	407,729	1,764,000	23.1%	1,546,000	-12.4%
FEDERAL GRANTS	255,806	551,545	46.4%	478,760	-13.2%
STATE GRANTS	358,354	1,434,300	25.0%	1,434,300	0.0%
STATE/COUNTY SHARED	3,393,748	10,428,531	32.5%	10,574,275	1.4%
OTHER INTERGOVERNMENTAL	33,803	105,000	32.2%	105,000	0.0%
CHARGES FOR SERVICES	664,268	1,873,834	35.4%	1,964,204	4.8%
FINES	51,817	120,000	43.2%	140,000	16.7%
INTEREST INCOME	18,021	94,400	19.1%	94,400	0.0%
MISCELLANEOUS	37,486	135,000	27.8%	135,000	0.0%
TRANSFERS IN	-	305,000	0.0%	305,000	0.0%
<b>TOTAL REVENUES</b>	<b>9,562,430</b>	<b>32,162,264</b>	<b>29.7%</b>	<b>31,551,593</b>	<b>-1.9%</b>

	Actuals thru 10/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
<b>EXPENDITURES:</b>					
COUNCIL	92,360	211,995	43.6%	211,995	0.0%
CLERK	107,755	407,900	26.4%	372,900	-8.6%
MANAGER	227,043	769,521	29.5%	769,521	0.0%
HUMAN RESOURCES	93,598	366,775	25.5%	366,775	0.0%
FINANCE	213,883	779,760	27.4%	745,659	-4.4%
INFORMATION TECHNOLOGY	596,129	1,571,326	37.9%	1,571,326	0.0%
GENERAL ADMINISTRATION	645,981	1,804,970	35.8%	1,804,970	0.0%
LEGAL	203,550	764,837	26.6%	764,837	0.0%
COURT	242,042	837,629	28.9%	837,629	0.0%
DEV & INFRASTRUCTURE SVCS	1,338,346	4,596,216	29.1%	4,593,230	-0.1%
PARKS & RECREATION	952,972	3,004,988	31.7%	3,004,988	0.0%
POLICE	4,579,372	15,250,016	30.0%	15,166,635	-0.5%
TRANSFERS OUT	542,378	1,706,810	31.8%	1,231,515	-27.8%
<b>TOTAL EXPENDITURES</b>	<b>9,835,410</b>	<b>32,072,743</b>	<b>30.7%</b>	<b>31,441,980</b>	<b>-2.0%</b>

**SURPLUS / (DEFICIT) (272,980) 89,521 109,613**

**BEGINNING FUND BALANCE 10,151,872**

**Plus: Surplus / (Deficit) 109,613**

**Less:**  
**Approved Use of Contingency Reserves during FY 15/16:**  
*8.8 Acre Land Purchase (Proximity to JDK Park and CDO High School) (265,000)*  
*Special Election Costs (30,000)*  
*Lawsuit Settlement - Mora v. Town of Oro Valley (30,000)*

**ENDING FUND BALANCE \*\* 9,936,485**

\* Year-end estimates are subject to further revision

\*\* Ending fund balance amounts are estimates and are subject to further revision



**Highway Fund**

*% Budget Completion through October --- 33.3%*

**REVENUES:**

LICENSES & PERMITS  
 STATE GRANTS  
 STATE/COUNTY SHARED  
 CHARGES FOR SERVICES  
 INTEREST INCOME  
 MISCELLANEOUS  
**TOTAL REVENUES**

Actuals thru 10/2015	Budget	% Actuals to Budget
14,386	51,000	28.2%
23,999	-	0.0%
953,779	2,985,464	31.9%
44,667	134,000	33.3%
6,736	22,400	30.1%
29,565	10,000	295.6%
<b>1,073,131</b>	<b>3,202,864</b>	<b>33.5%</b>

Year End Estimate *	YE % Variance to Budget
51,000	0.0%
23,999	0.0%
2,985,464	0.0%
134,000	0.0%
22,400	0.0%
38,582	285.8%
<b>3,255,445</b>	<b>1.6%</b>

**EXPENDITURES:**

ADMINISTRATION  
 TRANSPORTATION ENGINEERING  
 PAVEMENT MANAGEMENT  
 STREET MAINTENANCE  
 TRAFFIC ENGINEERING  
**TOTAL EXPENDITURES**

Actuals thru 10/2015	Budget	% Actuals to Budget
428,147	880,396	48.6%
165,319	561,772	29.4%
36,396	1,473,581	2.5%
382,307	1,159,510	33.0%
146,932	783,419	18.8%
<b>1,159,102</b>	<b>4,858,678</b>	<b>23.9%</b>

Year End Estimate *	YE % Variance to Budget
880,396	0.0%
561,772	0.0%
1,473,581	0.0%
1,145,256	-1.2%
783,419	0.0%
<b>4,844,424</b>	<b>-0.3%</b>

**SURPLUS / (DEFICIT)**

**(85,970) (1,655,814) (1,588,979)**

**BEGINNING FUND BALANCE**

**3,291,083**

**Plus: Surplus / (Deficit)**

**(1,588,979)**

**ENDING FUND BALANCE \*\***

**1,702,104**

\* Year-end estimates are subject to further revision

\*\* Ending fund balance amounts are estimates and are subject to further revision



**Bed Tax Fund**

*% Budget Completion through October --- 33.3%*

**REVENUES:**

BED TAXES  
 INTEREST INCOME  
**TOTAL REVENUES**

Actuals thru 10/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
243,758	945,000	25.8%	945,000	0.0%
1,251	4,800	26.1%	4,800	0.0%
<b>245,010</b>	<b>949,800</b>	<b>25.8%</b>	<b>949,800</b>	<b>0.0%</b>

**EXPENDITURES:**

ECONOMIC DEVELOPMENT  
 TRANSFERS OUT  
**TOTAL EXPENDITURES**

Actuals thru 10/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
93,296	672,732	13.9%	667,104	-0.8%
229,544	414,544	55.4%	414,544	0.0%
<b>322,840</b>	<b>1,087,276</b>	<b>29.7%</b>	<b>1,081,648</b>	<b>-0.5%</b>

**SURPLUS / (DEFICIT)**

**(77,830) (137,476) (131,848)**

**BEGINNING FUND BALANCE**

**464,626**

**Plus: Surplus / (Deficit)**

**(131,848)**

**ENDING FUND BALANCE \*\***

**332,778**

\* Year-end estimates are subject to further revision

\*\* Ending fund balance amounts are estimates and are subject to further revision



**Community Center & Golf Fund**

*% Budget Completion through October --- 33.3%*

	Actuals thru 10/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
<b>REVENUES:</b>					
<b>CONTRACTED OPERATING REVENUES</b>					
Golf Revenues	189,117	1,771,106	10.7%	1,208,619	-31.8%
Member Dues (Golf)	257,852	1,370,867	18.8%	1,042,852	-23.9%
Tennis Revenues	113,231	279,837	40.5%	294,054	5.1%
Food & Beverage	142,990	850,852	16.8%	618,468	-27.3%
Merchandise & Other	51,041	469,671	10.9%	202,541	-56.9%
	<b>754,231</b>	<b>4,742,333</b>	<b>15.9%</b>	<b>3,366,534</b>	<b>-29.0%</b>
<b>TOWN OPERATING REVENUES</b>					
Daily Drop-Ins	5,828	27,550	21.2%	27,550	0.0%
Member Dues	175,007	526,480	33.2%	526,480	0.0%
Recreation Programs	16,973	84,000	20.2%	84,000	0.0%
Tennis Court Rentals	-	7,200	0.0%	4,000	-44.4%
Facility Rental Income	297	13,200	2.3%	1,000	-92.4%
Concession Sales	373	-	0.0%	1,000	0.0%
	<b>198,478</b>	<b>658,430</b>	<b>30.1%</b>	<b>644,030</b>	<b>-2.2%</b>
<b>OTHER REVENUES</b>					
Local Sales Tax	566,952	2,000,000	28.3%	2,000,000	0.0%
Donations	100	-	0.0%	100	0.0%
	<b>567,052</b>	<b>2,000,000</b>	<b>28.4%</b>	<b>2,000,100</b>	<b>0.0%</b>
<b>TOTAL REVENUES</b>	<b>1,519,761</b>	<b>7,400,763</b>	<b>20.5%</b>	<b>6,010,664</b>	<b>-18.8%</b>

	Actuals thru 10/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
<b>EXPENDITURES:</b>					
<b>CONTRACTED OPERATING EXPENDITURES</b>					
Personnel	914,528	2,638,457	34.7%	2,193,707	-16.9%
Operations & Maintenance	1,198,345	3,289,219	36.4%	2,837,991	-13.7%
Equipment Leases	129,373	333,000	38.9%	301,209	-9.5%
	<b>2,242,246</b>	<b>6,260,676</b>	<b>35.8%</b>	<b>5,332,907</b>	<b>-14.8%</b>
<b>TOWN OPERATING EXPENDITURES</b>					
Personnel	148,745	462,517	32.2%	462,517	0.0%
Operations & Maintenance	50,459	225,140	22.4%	225,140	0.0%
	<b>199,204</b>	<b>687,657</b>	<b>29.0%</b>	<b>687,657</b>	<b>0.0%</b>
<b>CAPITAL OUTLAY</b>	<b>184,109</b>	<b>1,115,000</b>	<b>16.5%</b>	<b>650,000</b>	<b>-41.7%</b>
<b>TRANSFER TO GENERAL FUND</b>	<b>-</b>	<b>120,000</b>	<b>0.0%</b>	<b>120,000</b>	<b>0.0%</b>
<b>TOTAL EXPENDITURES</b>	<b>2,625,559</b>	<b>8,183,333</b>	<b>32.1%</b>	<b>6,790,564</b>	<b>-17.0%</b>

**SURPLUS / (DEFICIT) (1,105,798) (782,570) (779,900)**

**BEGINNING FUND BALANCE 1,025,222**

**Plus: Surplus / (Deficit) (779,900)**

**ENDING FUND BALANCE \*\* 245,322**

\* Year-end estimates are subject to further revision

\*\* Ending fund balance amounts are estimates and are subject to further revision

TROON  
EI Conquistador Cash Flow Statement

	Actual Jul-15	Actual Aug-15	Actual Sep-15	Actual Oct-15	Actual TOTAL	Original Budget TOTAL	Forecast TOTAL
<b>Revenues:</b>							
Golf Fees, net of discounts	41,097	35,549	51,722	50,552	178,920	1,456,271	982,380
Member Golf Fees, net of discounts	-	-	-	-	-	180,000	140,400
Golf - Group Services	-	-	-	(550)	(550)	-	(550)
Range, Rentals, Other Golf related	1,368	1,593	1,984	2,712	7,657	127,735	77,654
Golf Lessons	785	510	1,115	680	3,090	7,100	8,735
<b>Total Member Dues</b>	<b>65,377</b>	<b>57,786</b>	<b>64,719</b>	<b>69,970</b>	<b>257,852</b>	<b>1,370,867</b>	<b>1,042,852</b>
Swim/Tennis Revenues	24,923	9,172	27,593	51,543	113,231	279,837	294,054
Salon/Spa Revenues	-	150	400	-	550	-	550
GOLF PUSCH RIDGE Revenues	-	20	-	-	20	-	20
Merchandise, net of discounts	11,112	9,342	12,462	17,555	50,471	469,671	201,971
Food and Beverage, net of discounts	34,002	29,430	35,077	44,481	142,990	850,852	618,468
<b>Total Revenues</b>	<b>178,664</b>	<b>143,552</b>	<b>195,072</b>	<b>236,943</b>	<b>754,231</b>	<b>4,742,333</b>	<b>3,366,534</b>
<b>Cost of Sales:</b>							
COS - Golf	-	-	-	-	-	17,690	9,747
COS - Golf Lessons	692	282	100	937	2,011	5,680	6,527
COS - Service Commissions	14,268	10,023	14,477	21,783	60,551	161,791	166,384
COS - Merchandise, net of discounts	9,877	5,517	6,335	10,196	31,925	299,527	153,125
COS - Food & Beverage	14,172	11,484	15,150	14,875	55,681	267,418	207,834
<b>Total Cost of Sales</b>	<b>39,009</b>	<b>27,306</b>	<b>36,062</b>	<b>47,791</b>	<b>150,168</b>	<b>752,105</b>	<b>543,617</b>
<b>Gross Profit</b>	<b>139,655</b>	<b>116,246</b>	<b>159,010</b>	<b>189,152</b>	<b>604,063</b>	<b>3,990,228</b>	<b>2,822,917</b>
<b>Operating Expenses:</b>							
Payroll	193,325	182,694	172,731	193,514	742,264	2,182,859	1,772,264
Employee Benefits	40,630	38,531	45,466	31,729	156,356	406,314	370,606
Employee Related	5,644	3,873	3,204	3,187	15,908	49,284	50,837
Professional Fees	-	-	306	10	316	3,975	3,841
Advertising & Marketing	5,213	-	2,359	14,318	21,890	77,768	65,083
Comp Expense	-	3,340	-	-	3,340	-	3,340
Repair & Maintenance	53,817	61,662	84,353	82,903	282,735	488,050	481,021
Operating Expenses	27,627	25,858	20,478	21,488	95,451	413,791	285,626
<b>Total Operating Expenses</b>	<b>326,256</b>	<b>315,958</b>	<b>328,897</b>	<b>347,149</b>	<b>1,318,260</b>	<b>3,622,041</b>	<b>3,032,618</b>
<b>Operating Profit</b>	<b>(186,601)</b>	<b>(199,712)</b>	<b>(169,887)</b>	<b>(157,997)</b>	<b>(714,197)</b>	<b>368,186</b>	<b>(209,701)</b>
Leases - Carts	16,440	16,440	16,364	16,364	65,608	105,000	129,608
Leases - Equipment	19,605	22,357	5,163	(4,324)	42,801	228,000	171,601
Utilities	168,472	141,589	148,567	134,259	592,887	1,320,391	1,304,934
<b>Fixed Operating Expenses</b>	<b>204,517</b>	<b>180,386</b>	<b>170,094</b>	<b>146,299</b>	<b>701,296</b>	<b>1,653,391</b>	<b>1,606,143</b>
<b>Gross Operating Profit</b>	<b>(391,118)</b>	<b>(380,098)</b>	<b>(339,981)</b>	<b>(304,296)</b>	<b>(1,415,493)</b>	<b>(1,285,205)</b>	<b>(1,815,844)</b>
Insurance	-	86	-	86	172	85,520	172
Property Taxes	-	-	1,011	-	1,011	-	1,011
Fees, Permits & Licenses	9	250	86	80	425	3,619	3,396
Base Management Fees	12,000	12,000	12,000	12,000	48,000	144,000	144,000
Bad Debt	-	1,080	270	600	1,950	-	1,950
<b>Total Other Expenses</b>	<b>12,009</b>	<b>13,416</b>	<b>13,367</b>	<b>12,766</b>	<b>51,558</b>	<b>233,139</b>	<b>150,529</b>
<b>Net Income (Loss)</b>	<b>(403,129)</b>	<b>(393,514)</b>	<b>(353,348)</b>	<b>(317,062)</b>	<b>(1,467,053)</b>	<b>(1,518,343)</b>	<b>(1,966,373)</b>

# ATTACHMENT D-3

## EL CONQUISTADOR INCOME STATEMENT CONSOLIDATED - RESTAURANT/GRILLE - OCTOBER 2015

	ACTUAL MONTH	BUDGET MONTH	ACTUAL Y-T-D	BUDGET Y-T-D
FOOD & BEVERAGE REVENUE	44,381	69,422	142,890	193,632
TOTAL REVENUES	44,381	69,422	142,890	193,632
COST OF SALES	14,875	22,264	55,682	62,682
PAYROLL & BENEFITS	50,771	37,832	181,963	148,305
OPERATING EXPENSES	10,236	7,501	31,227	30,004
NET INCOME (LOSS)	(31,501)	1,825	(125,982)	(47,359)



**Consolidated Year-to-Date Financial Report through October, 2015**

<b>Fund</b>	<b>FY 15/16 Begin Bal.</b>	<b>Revenue</b>	<b>Other Fin Sources/Tfrs</b>	<b>Total In</b>	<b>Capital Leases/ Transfer Out</b>	<b>Personnel</b>	<b>O&amp;M</b>	<b>Capital</b>	<b>Contingency</b>	<b>Debt Service</b>	<b>Total Out</b>	<b>Left in Accounts Thru Oct 2015</b>
General Fund - Unassigned	8,597,873	9,562,430	-	9,562,430	542,378	6,768,754	2,485,494	38,784	-	-	9,835,410	8,324,893
General Fund - Assigned	1,553,999										-	1,553,999
Highway Fund - Restricted	3,291,083	1,073,131	-	1,073,131	228,366	562,909	203,022	164,804	-	-	1,159,102	3,205,113
Seizure & Forfeiture - Justice/State	235,952	46,160	-	46,160	-	59,120	939	15,054	-	-	75,112	206,999
Bed Tax Fund - Committed	464,626	245,010	-	245,010	229,544	69,551	23,745	-	-	-	322,840	386,796
Impound Fee Fund	28,435	21,600	-	21,600	-	8,460	-	-	-	-	8,460	41,575
Community Center & Golf Fund	1,025,222	1,519,761	-	1,519,761	20,964	148,745	2,271,742	184,109	-	-	2,625,559	(80,576)
Municipal Debt Service Fund	166,798	35,069	655,750	690,819	-	-	5,050	-	-	711,153	716,203	141,414
Oracle Road Debt Service Fund	1,946	-	3,000	3,000	-	-	-	-	-	-	-	4,946
Alternative Water Resources Dev Impact Fee Fund	4,021,793	307,647	-	307,647	-	-	40,906	174	-	-	41,080	4,288,360
Potable Water System Dev Impact Fee Fund	4,800,153	159,082	-	159,082	-	-	-	-	-	-	-	4,959,235
Townwide Roadway Development Impact Fee Fund	2,677,852	187,612	-	187,612	-	-	-	-	-	-	-	2,865,464
Parks & Recreation Impact Fee Fund	136,103	41,025	-	41,025	-	-	-	-	-	-	-	177,128
Library Impact Fee Fund	94,798	-	-	-	-	-	-	-	-	-	-	94,798
Police Impact Fee Fund	254,577	22,304	-	22,304	-	-	-	-	-	-	-	276,881
General Government Impact Fee Fund	3,505	2	-	2	-	-	-	-	-	-	-	3,507
General Government CIP Fund	1,421,593	-	344,568	344,568	-	-	-	819,836	-	-	819,836	946,325
PAG/RTA Fund	-	1,892,430	-	1,892,430	-	9,959	-	1,610,957	-	-	1,620,916	271,514
Water Utility	13,864,359	5,501,525	-	5,501,525	3,030	871,951	2,400,271	1,023,820	-	-	4,299,072	15,066,812
Stormwater Utility	279,353	276,501	-	276,501	-	104,544	119,906	58,338	-	-	282,788	273,066
Fleet Fund	298,922	372,088	-	372,088	-	25,195	163,937	121,513	-	-	310,645	360,365
Benefit Self Insurance Fund	244,162	857,447	-	857,447	-	-	841,766	-	-	-	841,766	259,843
Recreation In-Lieu Fee Fund	6,190	21,728	-	21,728	-	-	-	-	-	-	-	27,918
<b>Total</b>	<b>43,469,294</b>	<b>22,142,550</b>	<b>1,003,318</b>	<b>23,145,869</b>	<b>1,024,282</b>	<b>8,629,188</b>	<b>8,556,777</b>	<b>4,037,390</b>	<b>-</b>	<b>711,153</b>	<b>22,958,789</b>	<b>43,656,375</b>



General Fund Local Sales Tax Collections

CATEGORY	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	TOTAL
Construction Sales Tax	193,497	160,759	190,812	234,763									779,831
Utility Sales Tax	257,552	312,494	304,666	286,667									1,161,379
Retail Sales Tax	441,557	415,209	393,690	403,193									1,653,649
All Other Local Sales Tax *	239,739	229,766	182,484	216,361									868,351
<b>TOTAL</b>	<b>\$ 1,132,346</b>	<b>\$ 1,118,228</b>	<b>\$ 1,071,652</b>	<b>\$ 1,140,984</b>									<b>\$ 4,463,210</b>

\* Note: Does not include cable franchise fees or sales tax audit revenues



**Town Council Regular Session**

**Item # C.**

**Meeting Date:** 01/06/2016

**Requested by:** Stacey Lemos

**Submitted By:** Wendy Gomez, Finance

**Department:** Finance

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**Information**

**SUBJECT:**

Fiscal Year 2015/16 Financial Update through November 2015

**RECOMMENDATION:**

This item is for information only.

**EXECUTIVE SUMMARY:**

In the General Fund (see attachment A), revenues collected through November totaled \$11.8 million or 36.7% of the budget amount of \$32.2 million. Year-to-date expenditures through November totaled \$12.0 million or 37.5% of the budget amount of \$32.1 million. Please note that expenditures through November include one-third or approximately \$345,000 of the planned transfer out of one-time construction sales tax and permitting dollars to the CIP Fund for CIP projects. This is a reduced amount that reflects revised one-time revenue projections as referenced below.

In the Highway Fund (see attachment B), revenues collected through November totaled \$1.3 million or 41.2% of the budget amount of \$3.2 million. Year-to-date expenditures through November totaled \$1.7 million or 35.4% of the budget amount of \$4.9 million. It is important to note that the Highway Fund budget included the planned use of \$1.7 million in reserves, as all construction sales tax revenues are now fully accounted for in the General Fund.

In the Bed Tax Fund (see attachment C), revenues collected through November totaled \$335,569 or 35.3% of the budget amount of \$950,000. Year-to-date expenditures through November totaled \$411,369 or 37.8% of the budget amount of \$1.1 million. Please note that expenditures through November include the budgeted transfer of approximately \$230,000 to the Municipal Debt Service Fund for debt service due on the Aquatic Center bonds.

In the Community Center & Golf Fund (see attachments D-1, D-2 and D-3), revenues collected through November totaled \$2.0 million or 27.0% of the budget amount of \$7.4 million. Year-to-date expenditures through November totaled \$3.2 million or 38.6% of the budget amount of \$8.2 million. It is important to note that the year-end estimates for the Troon-managed operations have been revised lower to reflect actual revenue trends observed in the first quarter of this fiscal year and operational changes taking effect in December and remaining in place through the end of the fiscal year. These operational changes include closing the golf courses and restaurant on Mondays, reduced hours at the restaurant, closing the Garden Café, closing the lap pool through May and reduced hours in the fitness and tennis operations.

**BACKGROUND OR DETAILED INFORMATION:**

## GENERAL FUND

Attachment A shows General Fund revenues and expenditures through November, as well as year-end estimates for each category. The estimated year-end projections in the General Fund are as follows:

Revenues \$31,555,542

Less:

Expenditures (\$31,435,154)

Less:

Council-Approved Use of Contingency:

- 8.8 Acre Land Purchase (\$ 265,000) Approved September 2, 2015
- Lawsuit Settlement (\$ 30,000) Approved September 16, 2015
- Special Election Costs (\$ 30,000) Approved June 17, 2015

Est. Decrease in Fund Balance (\$ 204,612)

### General Fund Revenues

- Local sales tax collections in the General Fund total \$5.3 million or 34.8% of the budget amount of \$15.4 million. These revenues are estimated to come in under budget by \$576,000 or 3.8% due entirely to one-time construction sales taxes from updated projections on single family residential building activity and slower commercial development than planned. Single family residential permits for FY 15/16 are estimated at 165, versus 200 budgeted. All other local sales tax categories are trending on budget. Please see Attachment F for a monthly tracking of General Fund local sales tax collections, including construction and utility sales tax.
- License and permit revenues total \$494,542 or 28.0% of the budget amount of \$1.8 million. These revenues are estimated to come in under budget by \$218,000 or 12.4% due to updated projections on residential and commercial building activity, as referenced above.
- Federal grant revenues total \$284,937 or 51.7% of the budget amount of \$551,545. These revenues are estimated to come in under budget by about \$73,000 or 13.3% due to recent financial changes at the Counter Narcotics Alliance (CNA). The loss in revenue will be offset with vacancy savings in the Police Department.
- State shared revenues total \$4.2 million or 40.7% of the budget amount of \$10.4 million, and are estimated to come in over budget by roughly \$145,000 or 1.4%, based on projections from the Arizona Department of Revenue and the League of Arizona Cities and Towns.
- Charges for Services revenues total \$801,767 or 42.8% of the budget amount of \$1.9 million. These revenues are anticipated to come in over budget by about \$90,000 or 4.8% due mostly to revenues at the Aquatic Center.
- Revenues from fines total \$63,984 or 53.3% of the budget amount of \$120,000, and are estimated to come in over budget by \$20,000 or 16.7% based on observed trends.
- Interest income revenues are negative due to recent unrealized losses attributable to market fluctuations in the Town's investment portfolio as interest rates move. This activity occurs routinely in the Town's portfolio, and any realized losses and gains are finalized and posted at year-end. At this point, staff is projecting to end the year on budget in this category.

### General Fund Expenditures

- Expenditures are estimated to come in under budget by approximately \$638,000 or 2.0%. Of this amount, approximately \$475,000 was planned for one-time CIP projects to be funded entirely with one-time construction sales taxes and permitting revenues. Projects have been slowed down or

placed on hold temporarily, due to the updated projections on single family residential and commercial construction activity. Should construction activity increase, these projects can be resumed and may be rolled over into next year's budget if not completed this year. The remaining expenditure budget variance is due to estimated personnel and department operating savings. Please note that these savings are estimates and are subject to change.

## **HIGHWAY FUND**

### **Highway Fund Revenues**

- State shared highway user revenue funds (HURF) total \$1.2 million or 40.0% of the budget amount of \$3.0 million. Highway Fund revenues in total are estimated to come in over budget by nearly \$53,000 or 1.6%, due to one-time insurance recoveries and reimbursement from the Pima Association of Governments (PAG) for Transportation Art by Youth (TABY) program expenditures.

### **Highway Fund Expenditures**

- Expenditures are estimated to come in under budget by about \$14,000 or 0.3% due to anticipated personnel savings. Please note that these personnel savings are estimates and are subject to change.

## **BED TAX FUND**

### **Bed Tax Revenues**

- Bed tax revenues total \$335,622 or 35.5% of the budget amount of \$945,000, and are estimated to come in on budget at this time.

### **Bed Tax Fund Expenditures**

- Expenditures are estimated to come in under budget by about \$5,600 or 0.5% due to projected personnel savings. Please note that personnel savings are estimates and are subject to change.

## **COMMUNITY CENTER & GOLF FUND**

Attachment D-1 shows the consolidated financial status of the Community Center and Golf Fund with all revenues and expenditures from Troon and Town-managed operations.

Attachment D-2 shows the monthly line item detail for the Troon-managed operations, specifically revenues and expenditures associated with the golf, tennis, food and beverage and lifeguard operations. The totals in the revenue and expenditure categories in Attachment D-2 tie to the Contracted Operating Revenues and Expenditures in Attachment D-1.

Attachment D-3 shows the revenues and expenditures for the Troon-managed food and beverage operations only.

Please note that the negative fund balance of \$135,389 shown on Attachment F for the Community Center & Golf Fund is projected to turn positive following an anticipated increase in winter and spring activity for golf season and holiday sales tax collections.

### **Community Center & Golf Fund Revenues**

- Revenues in the Community Center & Golf Fund total \$2.0 million or 27.0% of the budget amount of \$7.4 million. Contracted operating revenues from Troon total \$1,044,121 and Town operating revenues total \$232,748. Local sales tax revenues from the dedicated half-cent sales tax total \$724,667 or 36.2% of the budget amount of \$2,000,000.
- Contracted operating revenues from Troon are estimated to come in under budget by about \$1.4

million or 29.6%, based on the updated forecast from Troon through the remainder of the fiscal year. These revenue estimates have been revised downward to \$3.3 million from the original budgeted amount of \$4.7 million based on lower revenue trends observed in the first quarter of the fiscal year.

- Town operating revenues are estimated to come in slightly under budget by about \$14,000 or 2.2% due to revised estimates for tennis court and facility rental income.

### **Community Center & Golf Fund Expenditures**

- Expenditures in the Community Center & Golf Fund total \$3.2 million or 38.6% of the budget amount of \$8.2 million. Contracted operating expenditures from Troon total \$2.7 million and Town operating expenditures total \$254,527. Capital outlay expenditures total \$249,793.
- Contracted operating expenditures from Troon are estimated to come in under budget by about \$968,000 or 15.5%, based on the updated forecast from Troon through the remainder of the fiscal year reflecting savings from operational changes that were implemented in December, as well as other line item expense reductions in the operations and maintenance categories, including closure of the golf courses on Mondays, reduced hours at The Overlook restaurant, reductions in staffing levels in the golf maintenance and restaurant operations, closure of the lap pool through May and reduced hours at the tennis facilities. The year-end expenditure estimates have been revised downward to \$5.3 million from the original budgeted amount of \$6.2 million. Accordingly, the year-end net loss for the Troon-managed operations has been revised from the budgeted amount of \$1.5 million to approximately \$1.95 million.
- The ending fund balance in the Community Center and Golf Fund is estimated at \$259,000.

Please see attachments A, B and C for additional details on the General Fund, Highway Fund and Bed Tax Fund, respectively. See attachments D-1, D-2 and D-3 for additional details on the Community Center & Golf Fund. See Attachment E for a fiscal year-to-date consolidated summary of all Town funds. In addition, as noted earlier, Attachment F includes a breakdown of monthly local sales tax collections for the General Fund.

### **FISCAL IMPACT:**

N/A

### **SUGGESTED MOTION:**

This item is for information only.

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### **Attachments**

[Attachment A - General Fund](#)

[Attachment B - Highway Fund](#)

[Attachment C - Bed Tax Fund](#)

[Attachment D-1 CC & Golf Fund](#)

[Attachment D-2 Troon Cash Flow](#)

[Attachment D-3 Troon F&B](#)

[Attachment E - Summary All Funds](#)

[Attachment F - Gen Fund Local Sales Tax](#)

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**General Fund**

*% Budget Completion through November --- 41.7%*

	Actuals thru 11/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
<b>REVENUES:</b>					
LOCAL SALES TAX	5,338,560	15,350,654	34.8%	14,774,654	-3.8%
LICENSES & PERMITS	494,542	1,764,000	28.0%	1,546,000	-12.4%
FEDERAL GRANTS	284,937	551,545	51.7%	478,418	-13.3%
STATE GRANTS	488,938	1,434,300	34.1%	1,434,300	0.0%
STATE/COUNTY SHARED	4,243,967	10,428,531	40.7%	10,574,275	1.4%
OTHER INTERGOVERNMENTAL	42,420	105,000	40.4%	105,000	0.0%
CHARGES FOR SERVICES	801,767	1,873,834	42.8%	1,964,224	4.8%
FINES	63,984	120,000	53.3%	140,000	16.7%
INTEREST INCOME	(774)	94,400	-0.8%	94,400	0.0%
MISCELLANEOUS	45,750	135,000	33.9%	139,271	3.2%
TRANSFERS IN	-	305,000	0.0%	305,000	0.0%
<b>TOTAL REVENUES</b>	<b>11,804,090</b>	<b>32,162,264</b>	<b>36.7%</b>	<b>31,555,542</b>	<b>-1.9%</b>

	Actuals thru 11/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
<b>EXPENDITURES:</b>					
COUNCIL	101,042	211,995	47.7%	211,995	0.0%
CLERK	134,371	407,900	32.9%	372,900	-8.6%
MANAGER	285,770	769,521	37.1%	769,521	0.0%
HUMAN RESOURCES	118,673	366,775	32.4%	366,775	0.0%
FINANCE	268,809	779,760	34.5%	745,659	-4.4%
INFORMATION TECHNOLOGY	686,113	1,571,326	43.7%	1,571,326	0.0%
GENERAL ADMINISTRATION	759,838	1,804,970	42.1%	1,804,970	0.0%
LEGAL	258,621	764,837	33.8%	764,837	0.0%
COURT	296,122	837,629	35.4%	837,629	0.0%
DEV & INFRASTRUCTURE SVCS	1,683,811	4,596,216	36.6%	4,586,404	-0.2%
PARKS & RECREATION	1,220,266	3,004,988	40.6%	3,004,988	0.0%
POLICE	5,657,311	15,250,016	37.1%	15,166,635	-0.5%
TRANSFERS OUT	542,378	1,706,810	31.8%	1,231,515	-27.8%
<b>TOTAL EXPENDITURES</b>	<b>12,013,126</b>	<b>32,072,743</b>	<b>37.5%</b>	<b>31,435,154</b>	<b>-2.0%</b>

**SURPLUS / (DEFICIT) (209,035) 89,521 120,388**

**BEGINNING FUND BALANCE 10,151,872**

**Plus: Surplus / (Deficit) 120,388**

**Less:**  
**Approved Use of Contingency Reserves during FY 15/16:**  
*8.8 Acre Land Purchase (Proximity to JDK Park and CDO High School) (265,000)*  
*Special Election Costs (30,000)*  
*Lawsuit Settlement - Mora v. Town of Oro Valley (30,000)*

**ENDING FUND BALANCE \*\* 9,947,260**

\* Year-end estimates are subject to further revision

\*\* Ending fund balance amounts are estimates and are subject to further revision



**Highway Fund**

*% Budget Completion through November --- 41.7%*

**REVENUES:**

LICENSES & PERMITS  
 STATE GRANTS  
 STATE/COUNTY SHARED  
 CHARGES FOR SERVICES  
 INTEREST INCOME  
 MISCELLANEOUS  
**TOTAL REVENUES**

Actuals thru 11/2015	Budget	% Actuals to Budget
16,322	51,000	32.0%
23,999	-	0.0%
1,193,103	2,985,464	40.0%
55,833	134,000	41.7%
1,026	22,400	4.6%
29,565	10,000	295.6%
<b>1,319,847</b>	<b>3,202,864</b>	<b>41.2%</b>

Year End Estimate *	YE % Variance to Budget
51,000	0.0%
23,999	0.0%
2,985,464	0.0%
134,000	0.0%
22,400	0.0%
38,582	285.8%
<b>3,255,445</b>	<b>1.6%</b>

**EXPENDITURES:**

ADMINISTRATION  
 TRANSPORTATION ENGINEERING  
 PAVEMENT MANAGEMENT  
 STREET MAINTENANCE  
 TRAFFIC ENGINEERING  
**TOTAL EXPENDITURES**

Actuals thru 11/2015	Budget	% Actuals to Budget
464,298	880,396	52.7%
205,402	561,772	36.6%
418,035	1,473,581	28.4%
440,675	1,159,510	38.0%
192,492	783,419	24.6%
<b>1,720,901</b>	<b>4,858,678</b>	<b>35.4%</b>

Year End Estimate *	YE % Variance to Budget
880,396	0.0%
561,772	0.0%
1,473,581	0.0%
1,145,256	-1.2%
783,419	0.0%
<b>4,844,424</b>	<b>-0.3%</b>

**SURPLUS / (DEFICIT)**

**(401,054) (1,655,814)**

**(1,588,979)**

**BEGINNING FUND BALANCE**

**3,291,083**

**Plus: Surplus / (Deficit)**

**(1,588,979)**

**ENDING FUND BALANCE \*\***

**1,702,104**

\* Year-end estimates are subject to further revision

\*\* Ending fund balance amounts are estimates and are subject to further revision



# November YTD Financial Status

# ATTACHMENT C

FY 2015/2016

## Bed Tax Fund

*% Budget Completion through November --- 41.7%*

### REVENUES:

BED TAXES  
INTEREST INCOME  
**TOTAL REVENUES**

Actuals thru 11/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
335,622	945,000	35.5%	945,000	0.0%
(54)	4,800	-1.1%	4,800	0.0%
<b>335,569</b>	<b>949,800</b>	<b>35.3%</b>	<b>949,800</b>	<b>0.0%</b>

### EXPENDITURES:

ECONOMIC DEVELOPMENT  
TRANSFERS OUT  
**TOTAL EXPENDITURES**

Actuals thru 11/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
181,825	672,732	27.0%	667,104	-0.8%
229,544	414,544	55.4%	414,544	0.0%
<b>411,369</b>	<b>1,087,276</b>	<b>37.8%</b>	<b>1,081,648</b>	<b>-0.5%</b>

**SURPLUS / (DEFICIT)**

**(75,801)      (137,476)      (131,848)**

**BEGINNING FUND BALANCE**

**464,626**

**Plus: Surplus / (Deficit)**

**(131,848)**

**ENDING FUND BALANCE \*\***

**332,778**

\* Year-end estimates are subject to further revision

\*\* Ending fund balance amounts are estimates and are subject to further revision



**Community Center & Golf Fund**

*% Budget Completion through November --- 41.7%*

	Actuals thru 11/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
<b>REVENUES:</b>					
<b>CONTRACTED OPERATING REVENUES</b>					
Golf Revenues	285,987	1,771,106	16.1%	1,197,889	-32.4%
Member Dues (Golf)	333,658	1,370,867	24.3%	1,015,658	-25.9%
Tennis Revenues	140,102	279,837	50.1%	300,576	7.4%
Food & Beverage	208,695	850,852	24.5%	624,173	-26.6%
Merchandise & Other	75,679	469,671	16.1%	202,179	-57.0%
	<b>1,044,121</b>	<b>4,742,333</b>	<b>22.0%</b>	<b>3,340,475</b>	<b>-29.6%</b>
<b>TOWN OPERATING REVENUES</b>					
Daily Drop-Ins	8,114	27,550	29.5%	27,550	0.0%
Member Dues	202,812	526,480	38.5%	526,480	0.0%
Recreation Programs	20,614	84,000	24.5%	84,000	0.0%
Tennis Court Rentals	-	7,200	0.0%	4,000	-44.4%
Facility Rental Income	587	13,200	4.4%	1,000	-92.4%
Concession Sales	621	-	0.0%	1,000	0.0%
	<b>232,748</b>	<b>658,430</b>	<b>35.3%</b>	<b>644,030</b>	<b>-2.2%</b>
<b>OTHER REVENUES</b>					
Local Sales Tax	724,667	2,000,000	36.2%	2,000,000	0.0%
Donations	100	-	0.0%	100	0.0%
	<b>724,767</b>	<b>2,000,000</b>	<b>36.2%</b>	<b>2,000,100</b>	<b>0.0%</b>
<b>TOTAL REVENUES</b>	<b>2,001,635</b>	<b>7,400,763</b>	<b>27.0%</b>	<b>5,984,605</b>	<b>-19.1%</b>

	Actuals thru 11/2015	Budget	% Actuals to Budget	Year End Estimate *	YE % Variance to Budget
<b>EXPENDITURES:</b>					
<b>CONTRACTED OPERATING EXPENDITURES</b>					
Personnel	1,113,573	2,638,457	42.2%	2,209,765	-16.2%
Operations & Maintenance	1,367,282	3,289,219	41.6%	2,795,043	-15.0%
Equipment Leases	177,071	333,000	53.2%	288,125	-13.5%
	<b>2,657,926</b>	<b>6,260,676</b>	<b>42.5%</b>	<b>5,292,933</b>	<b>-15.5%</b>
<b>TOWN OPERATING EXPENDITURES</b>					
Personnel	186,476	462,517	40.3%	462,517	0.0%
Operations & Maintenance	68,051	225,140	30.2%	225,140	0.0%
	<b>254,527</b>	<b>687,657</b>	<b>37.0%</b>	<b>687,657</b>	<b>0.0%</b>
<b>CAPITAL OUTLAY</b>	<b>249,793</b>	<b>1,115,000</b>	<b>22.4%</b>	<b>650,000</b>	<b>-41.7%</b>
<b>TRANSFER TO GENERAL FUND</b>	<b>-</b>	<b>120,000</b>	<b>0.0%</b>	<b>120,000</b>	<b>0.0%</b>
<b>TOTAL EXPENDITURES</b>	<b>3,162,246</b>	<b>8,183,333</b>	<b>38.6%</b>	<b>6,750,590</b>	<b>-17.5%</b>

**SURPLUS / (DEFICIT) (1,160,610) (782,570) (765,985)**

**BEGINNING FUND BALANCE 1,025,222**

**Plus: Surplus / (Deficit) (765,985)**

**ENDING FUND BALANCE \*\* 259,237**

\* Year-end estimates are subject to further revision

\*\* Ending fund balance amounts are estimates and are subject to further revision

TROON  
El Conquistador Cash Flow Statement

	Actual Jul-15	Actual Aug-15	Actual Sep-15	Actual Oct-15	Actual Nov-15	Actual TOTAL	Original Budget TOTAL	Forecast TOTAL
<b>Revenues:</b>								
Golf Fees, net of discounts	41,097	35,549	51,722	50,552	93,124	272,044	1,456,271	995,504
Member Golf Fees, net of discounts	-	-	-	-	-	-	180,000	124,200
Golf - Group Services	-	-	-	(550)	60	(490)	-	(490)
Range, Rentals, Other Golf related	1,368	1,593	1,984	2,712	2,839	10,496	127,735	69,693
Golf Lessons	785	510	1,115	680	847	3,937	7,100	8,982
<b>Total Member Dues</b>	<b>65,377</b>	<b>57,786</b>	<b>64,719</b>	<b>69,970</b>	<b>75,806</b>	<b>333,658</b>	<b>1,370,867</b>	<b>1,015,658</b>
Swim/Tennis Revenues	24,923	9,172	27,593	51,543	26,871	140,102	279,837	300,576
Salon/Spa Revenues	-	150	400	-	-	550	-	550
GOLF PUSCH RIDGE Revenues	-	20	-	-	-	20	-	20
Merchandise, net of discounts	11,112	9,342	12,462	17,555	24,638	75,109	469,671	201,609
Food and Beverage, net of discounts	34,002	29,430	35,077	44,481	65,705	208,695	850,852	624,173
<b>Total Revenues</b>	<b>178,664</b>	<b>143,552</b>	<b>195,072</b>	<b>236,943</b>	<b>289,890</b>	<b>1,044,121</b>	<b>4,742,333</b>	<b>3,340,475</b>
<b>Cost of Sales:</b>								
COS - Golf	-	-	-	-	-	-	17,690	8,179
COS - Golf Lessons	692	282	100	937	546	2,557	5,680	6,593
COS - Service Commissions	14,268	10,023	14,477	21,783	16,516	77,067	161,791	171,261
COS - Merchandise, net of discounts	9,877	5,517	6,335	10,196	16,931	48,856	299,527	150,056
COS - Food & Beverage	14,172	11,484	15,150	14,875	26,917	82,598	267,418	215,551
<b>Total Cost of Sales</b>	<b>39,009</b>	<b>27,306</b>	<b>36,062</b>	<b>47,791</b>	<b>60,910</b>	<b>211,078</b>	<b>752,105</b>	<b>551,640</b>
<b>Gross Profit</b>	<b>139,655</b>	<b>116,246</b>	<b>159,010</b>	<b>189,152</b>	<b>228,980</b>	<b>833,043</b>	<b>3,990,228</b>	<b>2,788,835</b>
<b>Operating Expenses:</b>								
Payroll	193,325	182,694	172,731	193,514	159,466	901,730	2,182,859	1,786,730
Employee Benefits	40,630	38,531	45,466	31,729	35,879	192,235	406,314	371,835
Employee Related	5,644	3,873	3,204	3,187	3,700	19,608	49,284	51,200
Professional Fees	-	-	306	10	-	316	3,975	3,741
Advertising & Marketing	5,213	-	2,359	14,318	5,725	27,615	77,768	63,759
Comp Expense	-	3,340	-	-	-	3,340	-	3,340
Repair & Maintenance	53,817	61,662	84,353	82,903	32,520	315,255	488,050	494,679
Operating Expenses	27,627	25,858	20,478	21,488	18,576	114,027	413,791	270,886
<b>Total Operating Expenses</b>	<b>326,256</b>	<b>315,958</b>	<b>328,897</b>	<b>347,149</b>	<b>255,866</b>	<b>1,574,126</b>	<b>3,622,041</b>	<b>3,046,170</b>
<b>Operating Profit</b>	<b>(186,601)</b>	<b>(199,712)</b>	<b>(169,887)</b>	<b>(157,997)</b>	<b>(26,886)</b>	<b>(741,083)</b>	<b>368,186</b>	<b>(257,335)</b>
Leases - Carts	16,440	16,440	16,364	16,364	8,377	73,985	105,000	132,624
Leases - Equipment	19,605	22,357	5,163	(4,324)	-	42,801	228,000	155,501
Utilities	168,472	141,589	148,567	134,259	39,120	632,007	1,320,391	1,256,545
<b>Fixed Operating Expenses</b>	<b>204,517</b>	<b>180,386</b>	<b>170,094</b>	<b>146,299</b>	<b>47,497</b>	<b>748,793</b>	<b>1,653,391</b>	<b>1,544,670</b>
<b>Gross Operating Profit</b>	<b>(391,118)</b>	<b>(380,098)</b>	<b>(339,981)</b>	<b>(304,296)</b>	<b>(74,383)</b>	<b>(1,489,876)</b>	<b>(1,285,205)</b>	<b>(1,802,005)</b>
Insurance	-	86	-	86	86	258	85,520	258
Property Taxes	-	-	1,011	-	-	1,011	-	1,011
Fees, Permits & Licenses	9	250	86	80	-	425	3,619	3,234
Base Management Fees	12,000	12,000	12,000	12,000	12,000	60,000	144,000	144,000
Bad Debt	-	1,080	270	600	-	1,950	-	1,950
<b>Total Other Expenses</b>	<b>12,009</b>	<b>13,416</b>	<b>13,367</b>	<b>12,766</b>	<b>12,086</b>	<b>63,644</b>	<b>233,139</b>	<b>150,453</b>
<b>Net Income (Loss)</b>	<b>(403,129)</b>	<b>(393,514)</b>	<b>(353,348)</b>	<b>(317,062)</b>	<b>(86,469)</b>	<b>(1,553,522)</b>	<b>(1,518,343)</b>	<b>(1,952,458)</b>

# ATTACHMENT D-3

## EL CONQUISTADOR INCOME STATEMENT CONSOLIDATED - RESTAURANT/GRILLE - NOVEMBER 2015

	ACTUAL MONTH	BUDGET MONTH	ACTUAL Y-T-D	BUDGET Y-T-D
FOOD & BEVERAGE REVENUE	65,705	98,514	208,595	292,146
TOTAL REVENUES	65,705	98,514	208,595	292,146
COST OF SALES	26,917	31,248	82,599	93,930
PAYROLL & BENEFITS	51,398	39,601	233,361	187,906
OPERATING EXPENSES	10,291	7,501	41,518	37,505
NET INCOME (LOSS)	(22,901)	20,164	(148,883)	(27,195)



Consolidated Year-to-Date Financial Report through November, 2015

Fund	FY 15/16 Begin Bal.	Revenue	Other Fin Sources/Tfrs	Total In	Capital Leases/ Transfer Out	Personnel	O&M	Capital	Contingency	Debt Service	Total Out	Left in Accounts Thru Nov 2015
General Fund - Unassigned	8,597,873	11,804,090	-	11,804,090	542,378	8,434,496	2,986,716	49,535	-	-	12,013,126	8,388,838
General Fund - Assigned	1,553,999										-	1,553,999
Highway Fund - Restricted	3,291,083	1,319,847	-	1,319,847	228,366	704,879	234,100	553,557	-	-	1,720,901	2,890,029
Seizure & Forfeiture - Justice/State	235,952	46,226	-	46,226	-	75,169	6,440	15,054	-	-	96,663	185,515
Bed Tax Fund - Committed	464,626	335,569	-	335,569	229,544	88,619	93,206	-	-	-	411,369	388,825
Impound Fee Fund	28,435	23,700	-	23,700	-	10,576	-	-	-	-	10,576	41,559
Community Center & Golf Fund	1,025,222	2,001,635	-	2,001,635	177,071	186,476	2,548,906	249,793	-	-	3,162,246	(135,389)
Municipal Debt Service Fund	166,798	60,990	655,750	716,740	-	-	6,050	-	-	711,153	717,203	166,335
Oracle Road Debt Service Fund	1,946	36,823	3,000	39,823	-	-	-	-	-	-	-	41,769
Alternative Water Resources Dev Impact Fee Fund	4,021,793	378,879	-	378,879	-	-	40,906	174	-	-	41,080	4,359,592
Potable Water System Dev Impact Fee Fund	4,800,153	191,297	-	191,297	-	-	-	-	-	-	-	4,991,450
Townwide Roadway Development Impact Fee Fund	2,677,852	201,791	-	201,791	-	-	-	47,250	-	-	47,250	2,832,393
Parks & Recreation Impact Fee Fund	136,103	47,889	-	47,889	-	-	-	-	-	-	-	183,992
Library Impact Fee Fund	94,798	-	-	-	-	-	-	19,465	-	-	19,465	75,333
Police Impact Fee Fund	254,577	24,809	-	24,809	-	-	-	-	-	-	-	279,386
General Government Impact Fee Fund	3,505	2	-	2	-	-	-	-	-	-	-	3,507
General Government CIP Fund	1,421,593	-	344,568	344,568	-	-	-	1,016,811	-	-	1,016,811	749,350
PAG/RTA Fund	-	1,894,305	-	1,894,305	-	15,303	-	1,688,966	-	-	1,704,269	190,036
Water Utility	13,864,359	6,895,053	-	6,895,053	3,030	1,095,342	2,696,004	1,267,353	-	-	5,061,729	15,697,683
Stormwater Utility	279,353	333,525	-	333,525	-	130,761	145,227	61,504	-	-	337,492	275,386
Fleet Fund	298,922	432,262	-	432,262	-	31,493	200,338	123,627	-	-	355,459	375,726
Benefit Self Insurance Fund	244,162	1,099,757	-	1,099,757	-	-	1,082,216	-	-	-	1,082,216	261,704
Recreation In-Lieu Fee Fund	6,190	21,728	-	21,728	-	-	-	-	-	-	-	27,918
<b>Total</b>	<b>43,469,294</b>	<b>27,150,179</b>	<b>1,003,318</b>	<b>28,153,497</b>	<b>1,180,389</b>	<b>10,773,115</b>	<b>10,040,108</b>	<b>5,093,089</b>	<b>-</b>	<b>711,153</b>	<b>27,797,855</b>	<b>43,824,937</b>



General Fund Local Sales Tax Collections

CATEGORY	JULY	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	TOTAL
Construction Sales Tax	193,497	160,759	190,812	234,763	222,548								1,002,379
Utility Sales Tax	257,552	312,494	304,666	286,667	243,827								1,405,205
Retail Sales Tax	441,557	415,209	393,690	403,193	413,231								2,066,880
All Other Local Sales Tax *	239,739	229,766	182,484	216,361	270,637								1,138,988
<b>TOTAL</b>	<b>\$ 1,132,346</b>	<b>\$ 1,118,228</b>	<b>\$ 1,071,652</b>	<b>\$ 1,140,984</b>	<b>\$ 1,150,242</b>								<b>\$ 5,613,451</b>

\* Note: Does not include cable franchise fees or sales tax audit revenues



**Town Council Regular Session**

**Item # D.**

**Meeting Date:** 01/06/2016

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

**Department:** Town Clerk's Office

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**Information**

**SUBJECT:**

Reappointment to the Tucson-Pima County Bicycle Advisory Committee

**RECOMMENDATION:**

Staff recommends the reappointment of Adam Wade to a two-year term that expires December 31, 2017, or until such time as a replacement can be found.

**EXECUTIVE SUMMARY:**

The Tucson-Pima County Bicycle Advisory Committee (BAC) was formed to provide input to the local jurisdictions on issues of concern to the bicycling community. The Town is responsible for appointing one representative to the BAC to represent the Town and provide a communication link to the BAC.

**BACKGROUND OR DETAILED INFORMATION:**

Adam Wade's term on the Tucson-Pima County Bicycle Advisory Committee (BAC) has expired as of December 31, 2015. Mr. Wade has agreed to remain on the BAC until a replacement is found. The Town is actively seeking applicants.

**FISCAL IMPACT:**

N/A

**SUGGESTED MOTION:**

I MOVE to reappoint Adam Wade to the Tucson-Pima County Bicycle Advisory Committee for a term ending December 31, 2017.

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## Town Council Regular Session

Item # **E.**

**Meeting Date:** 01/06/2016  
**Submitted By:** Chris Cornelison, Town Manager's Office  
**Department:** Town Manager's Office

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### Information

#### **SUBJECT:**

Resolution No. (R)16-01, approving the Town's annual Legislative Agenda, 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, 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 2016 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 2nd Regular Session of the 52nd Legislature begins Monday, January 11, 2016. Furthermore, the Legislature typically conducts business Monday through Thursday. The target date for the end of the regular session is April 20, 2016.

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 8, 2016, 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)16-01, approving the Town's annual Legislative Agenda and protocols guiding the Town's priorities for the upcoming legislative session and any lobbying activities.

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#### **Attachments**

(R)16-01 Legislative Agenda

Attachment 2 - Legislative Agenda Summary

Attachment 3 - League Resolutions

Attachment 4 - 52nd Legislature

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## **RESOLUTION NO. (R)16-01**

### **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 6, 2016, 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 Sun Corridor, Inc. (formerly Tucson Regional Economic Opportunities, Inc. or 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 2016, as set forth in the Council Communication dated January 6, 2016, 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 6th day of January, 2016.

**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”

## 2016 Legislative Agenda Summary

The following paragraphs provide a summary of key elements of the 2016 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)**

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.

In 2014, 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.

### **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.

**Public Safety Personnel Retirement System (PSPRS) Pension Reform**

Reforming PSPRS is one of the most important issues facing taxpayers in Arizona, as the current system is not sustainable. The growing unfunded liability results in increased annual pension costs for employers, resulting in a larger share of an employer's budget to be spent on pension costs, with fewer resources available for public safety and other essential services. The Town supports evaluation and reform efforts to create a sustainable pension system that will serve to attract the highest quality employees while maintaining affordability for taxpayers.

DRAFT

## OVERVIEW

The 91 incorporated cities and towns of Arizona are responsive to their constituents and efficiently deliver the essential services their citizens demand through transparent operations, fiscal responsibility and long range planning. Cities and towns are where the majority of the state's population lives and works and where the economic vitality of the state thrives. This Municipal Policy Statement represents the 2016 policy priorities adopted to ensure cities and towns throughout Arizona continue to have the necessary tools to maintain high quality service delivery to residents and businesses.

## CORE PRINCIPLES

The League of Arizona Cities and Towns is governed by two core principles: 1) Preserve local control, and 2) Protect shared revenue. Adherence to these principles is the foundation of all the League's efforts. We will support legislation that reinforces these principles, and oppose any that undermines them.

### **ECONOMIC DEVELOPMENT AND INFRASTRUCTURE**

Cities and towns are at the forefront of economic vitality and growth. Incorporating these policies would advance financial success.

#### *Legislative Priorities*

- Preserve the Highway User Revenue Funds (HURF) allocated to Arizona cities and towns, and follow the statutory formula for its distribution.
- Foster economic development by allowing cities and towns to create financing mechanisms to invest in infrastructure and other improvements in designated areas.
- Create renewable energy and conservation financing districts for commercial properties on a voluntary basis.
- Authorize the creation of retention and detention basin improvement districts.
- Support funding to accelerate the design and construction of State Route 189 in ADOT's Five-Year Transportation Facilities Construction Program.

## GOOD GOVERNANCE

Citizens expect local government to be fiscally stable, fair and reasonable in its enforcement, and efficient in its procedures. These concepts further enable municipalities to achieve those goals.

#### *Legislative Priorities*

- Support thorough reform of the PSPRS System that achieves the goals outlined by the League's PSPRS Task Force.
- Allow cities and towns to place reasonable balances on public record requests that are overbroad, abusive, or incessant.
- Make the requirements for annexation a more effective process, especially when property owners and municipalities are in agreement.
- Expand state licensure requirements and local enforcement authority for drug rehabilitation and recovery housing.

### **COMMUNITY INVESTMENT**

Citizens want great places to live and thrive. Vibrant communities retain the people that live there, and attract new citizens as well.

#### *Legislative Priorities*

- Partner with cities and towns for the operation and maintenance of Arizona State Parks under long term leases.
- Restore the Arizona Housing Trust Fund and the Arizona State Park Heritage Funds.

### **FEDERAL ACTION**

When all levels of government work together all levels of society can prosper. We call on the federal government to help our cities and towns continue to succeed.

#### *Legislative Priorities*

- Urge Congress to compel the Federal Aviation Administration (FAA) to improve its communication with municipalities when studying changes to flight paths.
- Support the enactment of equal taxation of online retail purchases.
- Retain the tax exempt status for municipal bonds.
- Support Arizona's military installations.



FOR MORE INFORMATION: CALL 602-258-5786  
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1	<p>⑤ Steve Pierce(R)            ⑥ Noel Campbell(R), Karen Fann(R)            Carefree, Cave Creek, Chino Valley,            Dewey-Humboldt, Peoria, Phoenix,            Prescott, Prescott Valley, Wickenburg</p>	11	<p>⑤ Steve Smith(R)            ⑥ Mark Fincham(R), Vinco Leach(R)            Casa Grande, Eloy, Marana, Maricopa,            Oro Valley, Tucson</p>	21	<p>⑤ Debbie Lesko(R)            ⑥ Rick Gray(R), Tony Rivaro(R)            El Mirage, Peoria, Surprise, Youngtown</p>
2	<p>⑤ Andrea Dolesandro(D)            ⑥ John C. Ackerley(R), Rosanna Gabaldon(D)            Nogales, Patagonia, Sahuarita,            South Tucson, Tucson</p>	12	<p>⑤ Andy Biggs(R)            ⑥ Eddie Farnsworth(R), Warren Peterson(R)            Chandler, Gilbert, Queen Creek</p>	22	<p>⑤ Judy Burgess(R)            ⑥ David Livingston(R), Phil Lovas(R)            Glendale, Peoria, Surprise</p>
3	<p>⑤ Olivia Cajero Bedford(D)            ⑥ Sally Ann Gonzales(D), Macario Soldate(D)            Tucson</p>	13	<p>⑤ Don Shooter(R)            ⑥ Darin Mitchell(R), Steve Montenegro(R)            Buckeye, El Mirage, Glendale, Goodyear,            Litchfield Park, Surprise, Wellton,            Wickenburg, Yuma</p>	23	<p>⑤ John Kavanagh(R)            ⑥ Jay Lawrence(R), Michelle Ugenti-Rita(R)            Fountain Hills, Scottsdale</p>
4	<p>⑤ Lynne Pancrazi(D)            ⑥ Charlene Fernandez(D), Lisa Otondo(D)            Buckeye, Gila Bend, Goodyear, San Luis,            Somerton, Tucson, Yuma</p>	14	<p>⑤ Gail Griffin(R)            ⑥ David Gowan(R), David Stevens(R)            Benson, Bisbee, Clifton, Douglas, Duncan,            Huachuca City, Pima, Safford, Sierra Vista,            Thatcher, Tombstone, Tucson, Willcox</p>	24	<p>⑤ Karis Hobbs(D)            ⑥ Lela Alston(D), Ken Clark(D)            Phoenix, Scottsdale, Tempe</p>
5	<p>⑤ Kelli Ward(R)            ⑥ Sonny Borrelli(R), Regina Cobb(R)            Bullhead City, Colorado City, Kingman,            Lake Havasu City, Parker, Quartzsite</p>	15	<p>⑤ Nancy Barta(R)            ⑥ John Allen(R), Heather Carter(R)            Cave Creek, Phoenix</p>	25	<p>⑤ Bob Warsley(R)            ⑥ Russell Bowers(R), Justin Olson(R)            Mesa</p>
6	<p>⑤ Sylvia Allen(R)            ⑥ Brenda Barton(R), Robert Thorpe(R)            Camp Verde, Clarkdale, Cottonwood, Flagstaff,            Holbrook, Jerome, Payson, Sedona, Snowflake,            Star Valley, Taylor, Tusayan, Williams</p>	16	<p>⑤ David Farnsworth(R)            ⑥ Doug Coleman(R), Kelly Townsend(R)            Apache Junction, Mesa, Queen Creek</p>	26	<p>⑤ Andrew Sherwood(D)            ⑥ Juan Mendez(D), Vacant*            Mesa, Phoenix, Tempe</p>
7	<p>⑤ Carlye Begay(R)            ⑥ Jennifer Benally(D), Albert Hale(D)            Eagar, Fredonia, Page, Pinetop-Lakeside,            Show Low, Springerville, St. Johns, Winalow</p>	17	<p>⑤ Steve Yarbrough(R)            ⑥ J.D. Mesnard(R), Jeff Wawinger(R)            Chandler, Gilbert</p>	27	<p>⑤ Catherine Miranda(D)            ⑥ Reginald Bolding(D), Rebecca Rios(D)            Guadalupe, Phoenix, Tempe</p>
8	<p>⑤ Barbara McGuire(D)            ⑥ Frank Pratt(R), T.J. Shope(R)            Casa Grande, Coolidge, Eloy, Florence, Globe,            Hayden, Kearny, Mammoth, Miami,            Superior, Winkelman</p>	18	<p>⑤ Jeff Dial(R)            ⑥ Jill Nargard(R), Bob Robson(R)            Chandler, Guadalupe, Mesa,            Phoenix, Tempe</p>	28	<p>⑤ Adam Driggs(R)            ⑥ Kate Brophy McGee(R), Eric Meyer(D)            Paradise Valley, Phoenix, Scottsdale</p>
9	<p>⑤ Steve Farley(D)            ⑥ Randall Friesse(D), Victoria Steele(D)            Marana, Oro Valley, Tucson</p>	19	<p>⑤ Lupe Chavira Contreras(D)            ⑥ Mark Cardenas(D), Diego Espinoza(D)            Avondale, Phoenix, Tolleson</p>	29	<p>⑤ Martin Quezada(D)            ⑥ Richard Andrade(D), Ceci Velasquez(D)            El Mirage, Glendale, Phoenix</p>
10	<p>⑤ David Bradley(D)            ⑥ Stefanie Mach(D), Bruce Wheeler(D)            Tucson</p>	20	<p>⑤ Kimberly Yee(R)            ⑥ Paul Bayer(R), Anthony Kern(R)            Glendale, Phoenix</p>	30	<p>⑤ Robert Meza(D)            ⑥ Jonathan Larkin(D), Debbie McCune Davis(D)            Glendale, Phoenix</p>



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⑤ - Senator  
 ⑥ - Representative

\* As of printing 11/16/2015





## Town Council Regular Session

Item # **1.**

**Meeting Date:** 01/06/2016

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

**Department:** Town Manager's Office

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### Information

#### **SUBJECT:**

DISCUSSION AND POSSIBLE DIRECTION ON THE PUBLIC-PRIVATE PARTNERSHIP WITH TOHONO CHUL PARK TO COMPLETE PHASE 1 OF THE 420-SEATED EVENT PAVILION

#### **RECOMMENDATION:**

Staff recommends approval.

#### **EXECUTIVE SUMMARY:**

This item is being brought before Town Council for discussion and direction in regard to moving forward with the remaining work included in Phase 1 (developing the design) of a 420-seated event pavilion. The first portion of Phase 1 was the market analysis for building an event pavilion which included holding stakeholder and community meetings. The cost of the event pavilion will be determined when Phase 1 is completed. The remaining portion of Phase 1 will consist of developing the design, which is estimated to cost approximately \$70,000. The Town's financial contribution would not exceed \$7,800 and would include waiving of fees and other associated costs. On March 13, 2015, TCP officials met with Councilmembers to discuss the possibility of entering into a public-private partnership to build an event pavilion, which would proceed in two phases. Phase 2 would be the parking lot expansion and construction of the pavilion.

#### **BACKGROUND OR DETAILED INFORMATION:**

At the July 1, 2015 Council meeting, Town Council directed staff to enter into a public-private partnership with TCP to determine the market and feasibility for building an event pavilion, as well as directed staff to hold up to three stakeholder meetings. As a result, TCP and staff held stakeholder meetings on September 3, September 24 and October 26, 2015. Attached to this report are the notes from all three meetings. The event pavilion concept was discussed during the stakeholder meetings. Consequently, input was received that there is a market for this facility and participants concurred the event pavilion provides the following benefits:

- Flexible set-up options for a variety of events - concerts, performances, lectures, celebrations, art and plant sales and children activities
- Room for stage riser and dance floor
- Space for 240 seated at 10-top tables (420 seated auditorium style)
- Shade/rain pavilion
- Provision for ceiling fans and infrared radiant heaters in the ceiling
- Pavilion roof can harvest rainwater

The parking lot expansion provides the following benefits:

- Provides additional spaces for ADA

- Ensures a safer experience for the public by lessening the need to park along the roadside or across the street at night
- Allows easy access to seniors and disabled volunteers, staff and visitors to the new pavilion, administration building, gallery house and adjacent amenities with parking spaces and drop off area near the back gate

**FISCAL IMPACT:**

The fiscal impact is \$7,800 in waived permitting fees (approved at the July 1, 2015 Council meeting).

**SUGGESTED MOTION:**

I MOVE to (approve/deny) the public-private partnership with Tohono Chul Park to complete Phase 1 with the purpose to design a 420-seated event pavilion.

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**Attachments**

TCP Meeting Notes

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## TCP Public Meeting

September 3, 2015

### 1. Do you feel there is a need for a pavilion space like this in the community?

- Musicians (dance groups, ballets, nature)
- Yes. The proposed location is great. There is a lack of venues.
- Concern from visitors when there is no rain back up. This serves as a possibility for rain back up. (2)
  - There has been loss of concerts, due to rain
- The proposal lends itself for multiple uses (2)
- Provides flexibility
- Shade/openness
- Can attract corporate business/boost economy
- Increase sales tax/provide additional infrastructure
- Growth phenomenal – attract events and serve as a destination

### 2. What type of events do you foresee being held in the pavilion?

- Concerts
- Educational classes
- Culinary/cooking demonstrations
- Gem & mineral show
- Events need to fit into mission of park
- Native American storytelling/history
- Private events/weddings
- Plant sales/cactus society/lectures
- Craft shows/demonstrations/pottery/water colors
- Exercise classes, such as tai chi
- Types of programming similar to Western National Parks Association (WNPA)/Exhibits
- Partnership with Children's Museum, Arizona Parks, Town of Oro Valley
- Business expos

### 3. Is the proposed square footage being proposed adequate for the events envisioned?

- Yes
- Perfectly eloquent
- John Douglas does outstanding work/trust his work
- Recommend using partitions for smaller events
- Win-win for Tohono Chul Park and Oro Valley (2)

#### Additional comments:

- Recommend painting restrooms next to Children's ramada
- Question about A/C for summer months
  - Can rainwater harvesting serve as water misters?
- For maximum capacity, need to have ability to hang other things within pavilion, i.e. for special events
- Partnership needs to be in writing/agreement

TCP Public Meeting

September 24, 2015

**1. Do you feel there is a need for a pavilion space like this in the community?**

- Yes (3)
- The space will generate revenues

**Comments:**

- With the new community center and meeting rooms, does the Town still see a need for a pavilion? Economic Development Manager replied yes.
- Consider sound

**2. What type of events do you foresee being held in the pavilion?**

- Fundraisers
- Weddings, funerals, anniversaries, birthday parties and graduations (2)
- Musical presentations (2)
  - Jazz and blues
- Arts and craft fairs
- Partnerships with non-profits, such as the Children's Museum
- Farmers Market
- Audio/visual for business meetings
- Movie night
- Small trade shows
- Health fair

**3. Is the proposed square footage being proposed adequate for the events envisioned?**

- Reasonable, balanced and keeps to character of Tohono Chul Park
- Relieved with proposal
- Intermediate
- What is a similar model? Response: Desert Botanical Gardens
- Yes
- Just right

**Additional Comments:**

- What did hotels say?
- Wonderful opportunity for public
- Comment about solar
- Mitigate trees and light pollution

## TCP Pavilion Meeting

October 26, 2015

- Bob Weede, Co-Founder & President Emeritus of Southern Arizona Arts & Cultural Alliance (SAACA) and Oro Valley resident (*became ill the day of the meeting and did not participate*)
- Tom Moulton, Economic Development and Tourism Director, Pima County, SAACA Board Member and Oro Valley resident
- Sasha Case, Arts and Cultural Ambassador for Town, artist and Oro Valley resident
- Rick Brusca, Chairman, Tohono Chul Park
- Christine Conte, Executive Director, Tohono Chul Park
- Amanda Jacobs, Economic Development Manager, Town of Oro Valley

### 1. Do you feel there is a need for a pavilion space like this in the community?

- Absolutely, you have to go downtown now to see theater or concert
- Like the smaller venue
- Yes, it's an opportunity to bring in more culture; however, operationally you need to have the ability to grow/expand

### 2. What type of events do you foresee being held in the pavilion?

- Birthday parties
- Concerts/Music
- Art exhibits/Crafts/Galleries
- Weddings
- Company picnics
- Partnership with local theater
- Partnership with non-profits, such as Children's Museum
- Yoga, Tai Chi, Fitness Classes

### 3. Is the proposed square footage being proposed adequate for the events envisioned?

- Accomplishes goal. All for it. How can I help? Tohono Chul Park is a special place.
- Size is nice. Mid-size. Could expand out a little. Space needs to be flexible.

### Additional Comments

- Place for people to gather
- Have free public days



**Town Council Regular Session**

**Item # 2.**

**Meeting Date:** 01/06/2016  
**Requested by:** Philip Saletta      **Submitted By:** Shirley Seng, Water  
**Department:** Water

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**Information**

**SUBJECT:**

PUBLIC HEARING: RESOLUTION NO. (R)16-02, AUTHORIZING AND APPROVING INCREASES IN WATER RATES, FEES AND CHARGES FOR THE TOWN OF ORO VALLEY WATER UTILITY

**RECOMMENDATION:**

On November 9, 2015, the Water Utility Commission voted 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 rate increases proposed in the Preferred Financial Scenario detailed in the Water Rates Analysis Report, dated November 2015.

**EXECUTIVE SUMMARY:**

Pursuant to A.R.S. § 9-511.01, the Council adopted a Notice of Intent to increase water rates on December 2, 2015. The Notice of Intent established a public hearing date for January 6, 2016. 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. The Notice of Intent was also published in the Daily Territorial on December 8, 2015.

The Water Rates Analysis Report includes the Preferred Financial Scenario pro forma in Appendix A, which proposes an increase in the potable and reclaimed water commodity rates. There will be no increases in the monthly base rates or the groundwater preservation fees. The proposed potable rates will increase the average residential customer's bill by \$0.44 per month based on 8,000 gallons of water used. The average commercial customer using 57,000 gallons of water will see an increase of \$2.85 per month. The proposed reclaimed rate commodity rate will increase a golf course's monthly water bill by \$400.00 based on 10,000,000 gallons of water used. Tables providing the financial impact to all meter sizes and customer classifications may be found in Appendix B of the report.

It is also proposed that the security deposit for construction water meters be increased to \$2,300.00 to recover material costs associated with replacing the meter and backflow device if they are returned damaged by a contractor. If the equipment is returned in good condition, the security deposit is refunded in full.

If the proposed rates are approved, the new rates will become effective February 6, 2016.

**BACKGROUND OR DETAILED INFORMATION:**

In accordance with the Town Council Water Policies, Water Utility staff reviews water rates and charges on an annual basis. The Water Utility 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 on a recommendation for the Preferred Financial Scenario in the Water Rates Analysis Report. The pro forma for the Preferred Financial Scenario may be found in Appendix A in the report. These financial projections are for a five-year period; however, water rates are approved only for the first year of this five-year projection period. The following summarizes the proposed changes in water rates and service fees for FY 2015-16:

- Increase in the potable and reclaimed water commodity rates
- Increase in the potable and reclaimed construction water rates
- Increase in the construction meter security deposits

The following rates will not be changed:

- The monthly base rates for potable and reclaimed water
- The groundwater preservation fees for potable and reclaimed

The proposed increase in the potable water commodity rates will increase the average residential customer's bill by \$0.44 per month based on using 8,000 gallons of water. The average commercial customer uses 57,000 gallon of water and will see an increase of \$2.85 per month. The proposed increase in the reclaimed commodity rate will increase a golf course's monthly bill by \$400.00 based on using 10,000,000 gallons of water.

The construction meter security deposit is proposed to increase by \$1,100.00 to \$2,300 in order to recover material costs when the equipment is returned damaged. The security deposit is fully refunded when the equipment is returned in good condition.

The proposed water rates increase is in accordance with Town Council policy:

- Debt service coverage requirement of 1.3 is met or exceeded for all five years
- Cash reserve policy requirements are met for all five years
- The proposed rate increase avoids sudden and large-scale shifts in water rates (no "rate shock") and avoids higher rate increases in future years
- Encourages water conservation by providing an incentive to use less water and save money through the existing tiered-rate structure for single-family residential customers and irrigation customers

If the proposed rates are approved, the new rates, fees and charges will become effective February 6, 2016.

#### **FISCAL IMPACT:**

The proposed rate increases will generate sufficient revenue to meet the Water Utility's revenue requirements. The increase in the construction meter security deposit will reduce the Utility's financial risk associated with the replacement of damaged equipment. 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)16-02, authorizing and approving increases in water rates, fees and charges for the Town of Oro Valley Water Utility.

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#### **Attachments**

(R)16-02 Increasing Water Rates, Fees and Charges FY 2015-16

Exhibit 'A'

Water Rates Analysis Report

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**RESOLUTION NO. (R)16-02**

**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 2, 2015, Mayor and Council approved Resolution 14-60, providing Notice of Intent to increase water rates, fees and charges; and

**WHEREAS**, on January 6, 2016, 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 6<sup>th</sup> day of January, 2016.

**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 \$2.32 per 1000 gallons	COMMODITY TIER 2 \$3.19 per 1000 gallons	COMMODITY TIER 3 \$4.40 per 1000 gallons	COMMODITY TIER 4 \$6.05 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			\$2.32 per 1000 gallons for all water use	
MASTER-METERED MULTIFAMILY CLASSIFICATION			\$2.32 per 1000 gallons for all water use	
CONSTRUCTION WATER			\$7.05 per 1000 gallons for all water use	

COMMODITY RATES - RECLAIMED WATER	
ALL RECLAIMED WATER USES & CLASSIFICATIONS	\$ 2.27 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

SECURITY DEPOSITS	
CONSTRUCTION METER SECURITY DEPOSITS	\$2,300.00



TOWN OF ORO VALLEY  
WATER UTILITY  
WATER RATES ANALYSIS REPORT

NOVEMBER 2015

**TOWN OF ORO VALLEY  
WATER UTILITY  
WATER RATES ANALYSIS REPORT  
NOVEMBER 2015**

**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**

Richard Davis, Chair  
Richard Reynolds, Vice Chair  
Javier Arriaga, Commissioner  
Anne Campbell, Commissioner  
Winston Tustison, Commissioner  
Shanna Weagle, 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  
WATER RATES ANALYSIS REPORT  
NOVEMBER 2015**

## **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 taxes or other 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 is projected to have an ending cash balance of \$3,647,174 at the end of the five-year projection period which meets the cash reserve requirement. To determine the cash reserve balance, the cash balance of the Operating Fund is combined with the cash balance of the Groundwater Preservation Fees. The Preferred Financial Scenario includes cash funding and new debt to finance capital projects.

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 financially sound 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, Water Utility Staff and the Water Utility Commission have made the following recommendations on water rates for FY 2015-16:

- Increase in the potable and reclaimed commodity rates
- Increase in the potable and reclaimed construction water rates
- Increase in construction meter deposits
- No increase in the monthly base rates for potable and reclaimed water
- No change in the potable and reclaimed Groundwater Preservation Fee (GPF)

Current and proposed commodity rates and GPF are provided in the Table 1 below:

Table 1

Customer Classifications	Current Commodity Rate	Proposed Commodity Rate	\$ Increase
<b>Single Family Residential</b>			
Tier 1	2.27	2.32	0.05
Tier 2	3.10	3.19	0.09
Tier 3	4.23	4.40	0.17
Tier 4	5.76	6.05	0.29
<b>Irrigation</b>			
Tier 1	2.27	2.32	0.05
Tier 2	3.10	3.19	0.09
Tier 3	4.23	4.40	0.17
Tier 4	5.76	6.05	0.29
Commercial	2.27	2.32	0.05
Master Metered Multi-Family Residential	2.27	2.32	0.05
Turf	2.27	2.32	0.05
Construction	6.76	7.05	0.29
All Reclaimed Classes	2.23	2.27	0.04
Groundwater Preservation Fee – Potable	0.90	0.90	0.00
Groundwater Preservation Fee - Reclaimed	0.47	0.47	0.00

*Cost per 1,000 gallons*

The financial impact of the proposed rates for a residential customer using 8,000 gallons of water is an increase of \$0.44 per month. The average residential customer has a 5/8 x 3/4-inch meter and averages 7,300 gallons of water per month over the course of one year. The average commercial customer with a 2-inch meter using 57,000 gallons of water will experience a \$2.85 increase per month. Tables providing the financial impact to all meter sizes and customer classifications may be found in Appendix B.

The Water Utility presents this Water Rates Analysis Report for the review and consideration of the Mayor and Council. The Oro Valley Water Utility Commission has reviewed the report and is recommending approval of the Preferred Financial Scenario. The Water Utility Commission and Utility Staff are dedicated to serving the Town of Oro Valley and the customers of its water utility.

**TOWN OF ORO VALLEY  
WATER UTILITY  
WATER RATES ANALYSIS REPORT  
NOVEMBER 2015**

## **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 revenue from taxes or other payments 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. 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. 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.

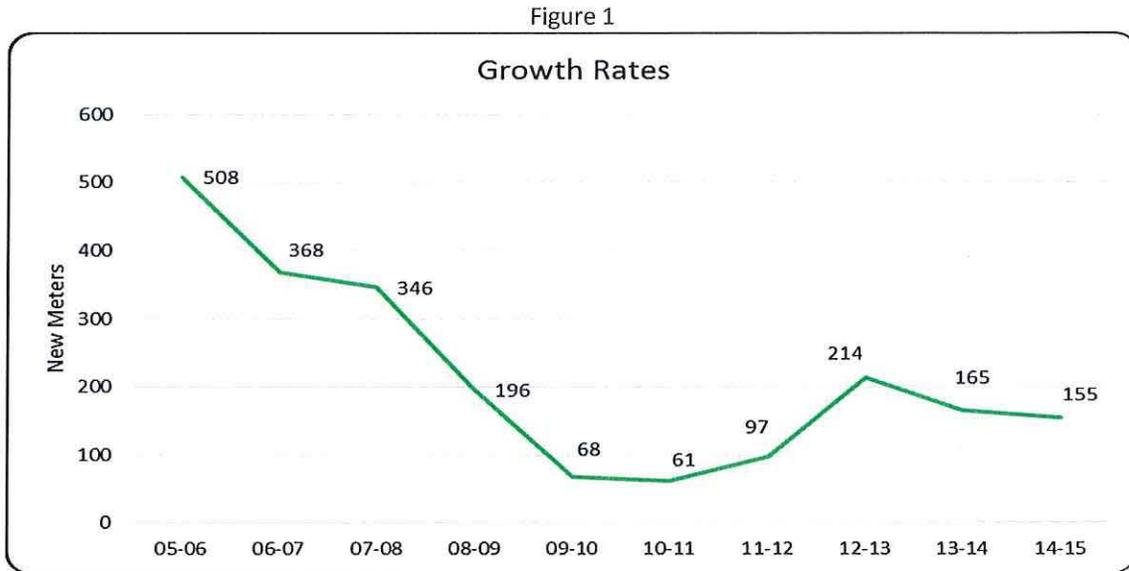
The Potable Water System Development Impact Fee Fund (PWSDIF) was established in 1996 to manage capital expenditures related to expansion or growth-related potable water capital projects and related debt service. Revenue for this fund is received from impact fees collected at the time water meters are 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 12.8 percent or 2,178 new metered connections over the last 10 years.



The growth projections used for this report are consistent with the Town's financial forecasting and are shown in following table.

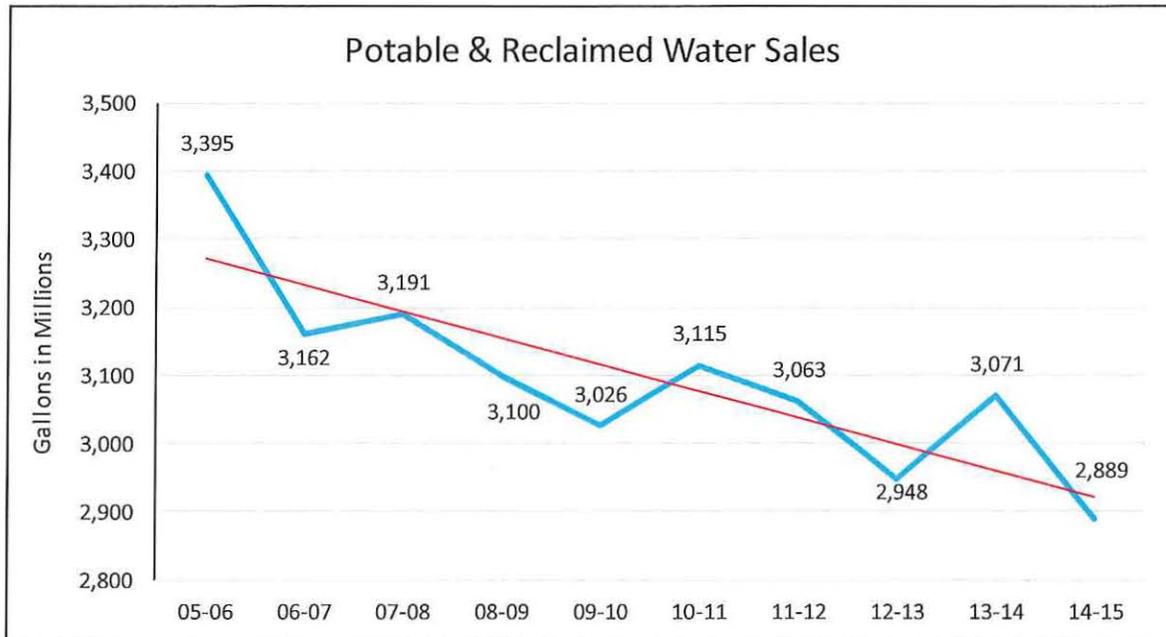
Table 2

New Metered Connections	2015-16	2016-17	2017-18	2018-19	2019-20
Single Family Residential	200	300	300	250	200
Commercial, Multi-Family, Irrigation	15	13	10	5	5

## Water Use Trends

The Utility has experienced an overall reduction in water use, both potable and reclaimed, over the last 10 years. Figure 2 illustrates this reduction in total water use from FY 2005-06 through FY 2014-15. The trend line emphasizes a continuous decline in water use even though the utility experienced growth in the number of customers in that same time frame. During FY 2014-15, the single family residential customer with a 5/8 x 3/4 inch water meter averages water use of 7,300 gallons per month.

Figure 2



## Debt Service

Annual debt obligations are met with the revenue generated in the Operating Fund, the AWRDIF and the PWSDF. A summary of the existing debt allocated to each of these funds and the outstanding balances at the beginning of FY 2015-16 are provided in Table 3.

Table 3

Fund	Year	Debt	Purpose	Balance
Operating	2005	Excise Tax Bonds	Land for MOC	\$ 1,225,950
Operating	2007	Excise Tax Bonds - Refinance	Existing Potable System	\$ 14,180,360
Operating-GPF	2008	WIFA Loan	Reclaimed Water System	\$ 3,035,566
Operating	2009	WIFA Loan	Existing Potable System	\$ 1,682,838
Operating	2012	Sr. Lien Revenue Bonds - Refinance	Existing Potable System	\$ 3,258,808
Operating-GPF	2012	Sr. Lien Revenue Bonds - Refinance	Reclaimed Water System	\$ 8,052,848
Operating	2013	Excise Tax-Refinance-Private Placement	Existing Potable System	\$ 3,960,000
Operating	2014	WIFA Loan	AMI Meter Replacement	\$ 2,873,448
PWSDF	2012	Sr. Lien Revenue Bonds - Refinance	Potable System Expansion	\$ 2,484,241
Total Debt				\$ 40,754,059

This rates analysis includes an assumption for new debt to finance existing system improvements in the amount of \$4,500,000 in FY 2017-18 as shown in the appendices on page E-3. It is assumed that the Utility would obtain a loan from the Water Infrastructure Finance Authority (WIFA) with a 20-year term at a three percent interest rate.

During FY 2015-16 the Town is refunding the 2005 Excise Tax Bonds of which the Utility's proportionate share is 33 percent. It is projected that the Utility's savings will be \$86,000 which will be realized in FY 2016-17 and is included in this analysis. This refunding will be by way of private

placement with an investment institution. The next opportunity to refund older bonds is in 2017 when the 2007 bonds reach the optional early redemption date.

## **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, 2010 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 is applied to avoid double coverage when calculating the debt service coverage ratio for these excise tax-backed bonds in 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 2014-15 the debt service coverage ratio was 10.49 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

	2015-16	2016-17	2017-18	2018-19	2019-20
Debt Service Coverage	1.79	1.81	1.88	1.80	1.54

## Cash Reserve Policy for Operating Fund

The Town of Oro Valley Mayor and Council Water Policies were adopted in 1996. Following the Commission recommendation, an amended policy was submitted to the Town Council and was subsequently adopted June 17, 2015. The amended policy may be found in Section II.A.1.d. and states "The Utility shall maintain a cash reserve in the Operating Fund of not less than 20% of the combined total of the annual budgeted amounts for personnel, operations and maintenance, and debt service. This cash reserve amount specifically excludes budgeted amounts for capital projects, depreciation, amortization and contingency. No cash reserve is required for the water utility impact fee funds." The cash from GPF is accounted for in the Operating Fund and is included in the total cash reserve balance. 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	2015-16	2016-17	2017-18	2018-19	2019-20
Cash Reserve Requirement	\$ 3,019,019	\$ 3,064,418	\$ 3,090,779	\$ 3,179,215	\$ 3,632,906
Cash Reserve Balance	\$ 7,587,851	\$ 5,519,357	\$ 5,596,403	\$ 5,457,949	\$ 3,647,178

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 base rates and commodity rates throughout the projection period. The 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 the proposed changes are nominal except for single family residential and irrigation customers who are high water users. Details of the impact to all water users are in Appendix B.

Cash reserves is projected to decrease \$3,940,673 over the five-year projection period. Of this amount, \$3,374,000 is to pay for capital projects shown on page E-3. To maintain cash reserves without large rate increases, the Preferred Financial Scenario assumes \$4,500,000 in new debt to finance capital expenditures for FY 2017-18 through FY 2019-20.

## Operating Fund

### Revenue Forecast

The Operating Fund (excluding the GPF cash) had a cash balance of \$8,068,049 at the beginning of FY 2015-16 and is projected to have a balance of \$2,855,785 at the end of FY 2019-20. 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 actual billing data for FY 2014-15 and projected growth in the number of new connections detailed in Table 2 on page 4. The revenue forecast includes proposed increases in the base rates shown below in Table 6. The base rates are projected to increase beginning in FY 2016-17.

Table 6

<b>Base Rates Potable &amp; Reclaimed Meter Sizes (inches)</b>	<b>Current Rates</b>	<b>Proposed Rates 2015-16</b>	<b>Proposed Rates 2016-17</b>	<b>Proposed Rates 2017-18</b>	<b>Proposed Rates 2018-19</b>	<b>Proposed Rates 2019-20</b>
5/8 x 3/4	14.19	14.19	14.47	14.76	15.06	15.36
3/4 x 3/4	21.29	21.29	21.72	22.15	22.59	23.04
1	35.48	35.48	36.19	36.91	37.65	38.40
1.5	70.95	70.95	72.37	73.82	75.29	76.80
2	113.53	113.53	115.80	118.12	120.48	122.89
3	227.05	227.05	231.59	236.22	240.95	245.77
4	354.77	354.77	361.87	369.10	376.48	384.01
6	709.54	709.54	723.73	738.21	752.97	768.03
8	1,135.26	1,135.26	1,157.97	1,181.12	1,204.75	1,228.84

The revenue forecast also includes proposed annual increases in commodity rates shown below in Table 7. The GPF revenue is also shown in Table 7 to illustrate that there are no proposed changes in this fee over the projection period.

Table 7

<b>Commodity Rates</b>	<b>Current Rates</b>	<b>Proposed Rates 2015-16</b>	<b>Proposed Rates 2016-17</b>	<b>Proposed Rates 2017-18</b>	<b>Proposed Rates 2018-19</b>	<b>Proposed Rates 2019-20</b>
<b>Customer Classifications</b>						
Single Family Residential						
Tier 1	2.27	2.32	2.36	2.43	2.51	2.58
Tier 2	3.10	3.19	3.29	3.42	3.56	3.70
Tier 3	4.23	4.40	4.58	4.80	5.04	5.30
Tier 4	5.76	6.05	6.35	6.73	7.14	7.56
Irrigation						
Tier 1	2.27	2.32	2.36	2.43	2.51	2.58
Tier 2	3.10	3.19	3.29	3.42	3.56	3.70
Tier 3	4.23	4.40	4.58	4.80	5.04	5.30
Tier 4	5.76	6.05	6.35	6.73	7.14	7.56
Commercial	2.27	2.32	2.36	2.43	2.51	2.58
Master Metered Multi-Family	2.27	2.32	2.36	2.43	2.51	2.58
Turf	2.27	2.32	2.36	2.43	2.51	2.58
Construction	6.76	7.05	7.35	7.73	8.14	8.56
All Reclaimed Classes	2.23	2.27	2.32	2.39	2.46	2.54
<b>Groundwater Preservation Fee</b>						
Potable	0.90	0.90	0.90	0.90	0.90	0.90
Reclaimed	0.47	0.47	0.47	0.47	0.47	0.47

Cost per 1,000 gallons.

The water use included in each tier is detailed on the proposed water rates table in Appendix B. Table 8 provides the water sales revenue forecast for the five-year projection period using the proposed base rates in Table 6 and commodity rates in Table 7. The GPF and associated revenues and expenditures are detailed on pages 10 - 11.

Table 8

Water Sales Revenue	2015-16	2016-17	2017-18	2018-19	2019-20
Potable Water	\$10,177,273	\$10,487,594	\$10,910,286	\$11,363,065	\$11,602,976
Reclaimed Water	<u>1,553,453</u>	<u>\$ 1,584,249</u>	<u>1,621,069</u>	<u>1,669,048</u>	<u>1,718,454</u>
Total Water Sales	\$11,730,726	\$12,071,843	\$12,531,355	\$13,032,113	\$13,321,430

Other revenue generated by the Utility consists of charges for services. Those charges for services includes and intergovernmental agreement with the Pima County Wastewater Reclamation Department to provide monthly billing services. The intergovernmental agreement will be subject to renewal in FY 2018-19. It is projected that the revenue will increase by \$6,800 representing a three percent increase upon renewal. Charges for service also include, but are not limited to, new service establishment fees, late fees, reconnection fees, convenience fees, and plan review fees. Charges for services are projected to generate annual revenue ranging from \$684,200 to \$691,000.

Projections for interest income are a cumulative total of \$633,752 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 9

Utility Expenditures	2015-16	2016-17	2017-18	2018-19	2019-20
Personnel	\$ 3,173,022	\$ 3,347,538	\$ 3,531,653	\$ 3,725,894	\$ 3,930,818
Operations/Maintenance	1,890,212	1,909,114	1,928,205	1,947,487	1,966,962
Power for Pumping	800,000	800,000	920,000	920,000	920,000
Water Resource Mgmt.	450,000	450,000	0	0	0
CAP Wheeling Costs	262,442	271,302	281,048	281,048	347,965
CAP Recharge Costs	1,719,930	1,770,705	1,822,230	1,853,145	2,072,355
Reclaimed Maintenance	903,028	944,258	996,801	1,040,969	1,086,179
Subtotal Expenditures	\$ 9,198,634	\$ 9,492,917	\$ 9,479,937	\$ 9,768,543	\$ 10,324,279
Debt Service	3,568,166	3,472,734	3,576,117	3,730,791	5,245,145
Capital Outlay	1,485,800	1,780,000	170,000	475,000	170,000
Total Expenditures	\$ 14,252,600	\$ 14,745,651	\$ 13,226,054	\$ 13,974,334	\$ 15,739,424

Projected personnel costs include the addition of one new employee in FY 2015-16, three and one half percent annual merit increases and two percent annual increases in health care costs. 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 of one percent annually. The inflation factors 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 received authorization from the Town Council to pursue the acquisition of excess electric power from the Arizona Power Authority. This power will be wheeled through Tucson Electric Power or the Utility will receive credits on the monthly bills. The Utility is still in the early stages of negotiation; therefore, the amount of power savings the Utility will realize has not yet been determined and therefore not included in this analysis.

The Utility plans to purchase groundwater extinguishment credits in FY 2015-16 and FY 2016-17. The analysis included \$450,000 to purchase these credits in each of these two fiscal year. 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.

CAP wheeling costs are the fees charged by Tucson Water to wheel our CAP water through their recharge and recovery system. These fees are fixed pursuant to an IGA and are subject to renegotiation in FY 2016-17. Based on the renegotiated IGA, costs increase in FY 2017-18 due to projected rate increase by Tucson Water. The costs increase again in FY 2019-20 due to an additional delivery of 500 acre feet of CAP water as allowed in the IGA.

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 Tucson Water's facilities. Costs are based on the rate schedule adopted by the CAP.

Projected capital outlay for existing system improvements in this analysis includes the replacement of approximately 5,000 water meters and installation of AMI equipment in the Oro Valley water service area in FY 2015-16. Capital outlay also includes water main replacements, pumping station replacements, well replacements, vehicles, computer and security equipment. The schedule for five-year capital improvements may be found in Appendix D.

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. Debt service costs increase in FY 2019-20 because of a large principal payment due on the 2007 bonds. A small portion of the increase is due to the new debt projected to occur in FY 2017-18 as described on page 5.

The complete five-year projection pro formas for the Preferred Financial Scenario may be found in Appendix A.

### **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. Following the Commission recommendation, an amended policy was submitted to the Town Council and was subsequently adopted June 17, 2015.

The amended policy may be found in Section II.A.1.g. of the Mayor and Council Water Policies and states “Revenue from the Groundwater Preservation Fees shall be used for renewable water capital costs and associated debt; renewable water supplies and related debt; and for costs to wheel Central Arizona Project water to the Town.” This analysis includes 75 percent of the total wheeling costs charged by Tucson Water being paid with GPF revenue. The remaining 25 percent will continue to be paid with water sales revenue. There is no proposed increase in the GPF. Table 10 shows the GPF rates used in this analysis.

Table 10

	Current Rate	2015-16 Proposed	2016-17 Proposed	2017-18 Proposed	2018-19 Proposed	2019-20 Proposed
GPF – Potable Rate	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90	\$0.90
GPF – Reclaimed Rate	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47	\$0.47

*Cost per 1,000 gallons.*

The table below provides the revenue forecast for the five-year projection period using the GPF rates in Table 10.

Table 11

GPF Revenue	2015-16	2016-17	2017-18	2018-19	2019-20
Potable Water	\$ 2,009,078	\$ 2,036,366	\$ 2,065,706	\$ 2,090,256	\$ 2,110,013
Reclaimed Water	309,596	309,596	309,596	309,596	309,596
Total GPF Revenue	\$ 2,318,674	\$ 2,345,962	\$ 2,375,302	\$ 2,399,852	\$ 2,419,609

Table 12 provides the proposed expenditures that will be funded with GPF revenue in accordance with the new GPF policy.

Table 12

Expenditures	2015-16	2016-17	2017-18	2018-19	2019-20
Debt Service - Reclaimed System	\$1,385,767	\$1,380,579	\$1,385,996	\$1,384,894	\$1,382,492
CAP Wheeling Costs	787,327	813,907	843,145	843,145	1,043,894
Capital Cost for CAP Allotment	155,204	161,952	168,700	168,700	168,700
Reclaimed System Capital Projects	2,100,000	200,000			
Total Expenditures	\$4,428,298	\$2,556,438	\$2,397,841	\$2,396,739	\$2,595,086

The GPF has a beginning cash balance of \$3,306,394 in FY 2015-16 and is projected to have an ending cash balance of \$791,389 in FY 2019-20. Although the GPF cash reserve is decreasing, this is an appropriate cash reserve amount for the GPF because there are no significant increases in expenditures. This is due to consistent debt service payments and limited capital expenditures during the projection period. The GPF cash is combined with Operating Fund to determine the overall cash reserve balance of the Operating Fund.

## 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 \$4,021,793 at the beginning of FY 2015-16 and is projected to have \$2,825,377 at the end of FY 2019-20. 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 \$559,965 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 uses with the number of service units depending on the meter sizes for each project.

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 13 provides the projected growth in service units and the revenue associated with that growth.

Table 13

Growth / Revenue	2015-16	2016-17	2017-18	2018-19	2019-20
SFR Service Units	200	300	300	250	200
Other Service Units	50	50	50	50	50
Projected Revenue	\$1,331,323	\$1,415,750	\$1,415,750	\$1,213,500	\$1,011,250

AWRDIF funds may be used for capital expenditures related to CAP water. The capital expenditures during this projection period total \$8,143,954 and include the capital costs assessed by CAP for 3,557 acre feet of our CAP water allotment and design and construction of facilities that will deliver an additional 1,000 acre feet of CAP water to the Town. The capital expenditures for the AWRDIF Fund are listed in the table below.

Table 14

Capital Expenditures	2015-16	2016-17	2017-18	2018-19	2019-20
CAP Capital Charges	\$ 81,811	\$ 85,368	\$ 88,925	\$ 88,925	\$ 88,925
CAP Facilities		\$ 100,000	\$ 400,000	\$ 4,110,000	\$ 3,100,000
Total Capital Expenditures	\$ 81,811	\$ 185,368	\$ 488,925	\$ 4,198,925	\$ 3,188,925

There is no outstanding debt in the AWRDIF Fund and no future debt is projected for this analysis. All capital projects shown above will be financed with impact fees contained within this fund.

### Potable Water System Development Impact Fee Fund

The Potable Water System Development Impact Fee Fund (PWSDIF) had a cash balance of \$4,800,153 at the beginning of FY 2015-16 and is projected to have \$6,407,674 at the end of FY 2019-20. 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 \$580,543 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 uses with the number of service units depending on the meter sizes for each project.

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 15 provides the projected growth in service units and the revenue associated with that growth.

Table 15

Growth / Revenue	2015-16	2016-17	2017-18	2018-19	2019-20
SFR Service Units	200	300	300	250	200
Other Service Units	50	50	50	50	50
Projected Revenue	\$663,207	\$705,250	\$705,250	\$604,500	\$503,750

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 land acquisition costs for a future reservoir site and pumping station. Debt service for previously constructed growth-related facilities is paid from revenues collected from impact fees and use of cash reserves. No new debt is projected in this analysis. Future capital projects will be financed with impact fees contained within this fund. 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 16

Expenditures	2015-16	2016-17	2017-18	2018-19	2019-20
Debt Service	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328	\$ 330,630
Capital Projects	-	-	-	-	500,000
Total Expenditures	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328	\$ 830,630

## 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 Utility 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 has prepared 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 both available cash and proposed new debt to finance capital projects. The Scenario 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 Water Utility Commission and Utility staff recommend approval of this Preferred Financial Scenario.

The cash balance in the PWSDIF fund increases over the five year period while the cash balance in the AWRDIF fund decreases as cash is used for capital projects. 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.

The financial projections for the Operating Fund, AWRDIF Fund and the PWSDIF Fund were combined to evaluate the overall debt service coverage at the end of each fiscal year. Analysis indicates that, under the Preferred Financial Scenario, the Utility will meet the debt service coverage requirement established by the Mayor and Council Water Polices and bond covenants for all five years. Pro formas for the Preferred Financial Scenario may be found in **Appendix A**. The assumptions used to develop the financial projections contained in the Preferred Financial Scenario may be found in **Appendix E**.

## Recommendation on Rates, Fees & Charges

After reviewing the analysis of the three funds and their respective revenue requirements contained in the Preferred Financial Scenario for FY 2015-16, the Water Utility Commission and Utility staff recommend the following:

- Increase in the potable and reclaimed commodity rates
- Increase in the potable and reclaimed construction water rates
- Increase in construction meter deposits
- No increase in the monthly base rates for potable and reclaimed water
- No change in the potable and reclaimed Groundwater Preservation Fee (GPF)

Table 17 illustrates the proposed water rates for a single family residential customer with a 5/8 x 3/4 inch water meter. Approximately 87 percent of the utility's customers fall into this category. Water rates of other water providers in the region are included for comparison of the cost per 1,000 gallons.

Table 17

Water Provider	Monthly Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5	GPF or Water Resource Fee
Oro Valley <b>Current</b>	14.19	2.27	3.10	4.23	5.76	---	0.90
Oro Valley <b>Proposed</b>	<b>14.19</b>	<b>2.32</b>	<b>3.19</b>	<b>4.40</b>	<b>6.05</b>	---	<b>0.90</b>
Metro Water	27.00	.99	2.66	4.30	5.70	7.02	0.40
Marana Water	17.31	2.82	3.93	5.11	6.30	9.04	0.46
Tucson Water	11.90	1.87	3.61	9.67	15.37	---	0.60

Cost per 1,000 gallons.

Table 18 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 more effective 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 18

Water Provider	Cost for 8,000 Gallons	Cost for 15,000 Gallons	Cost for 25,000 Gallons	Cost for 40,000 Gallons
Oro Valley <b>Current</b>	40.38	68.38	118.55	207.74
Oro Valley <b>Proposed</b>	<b>40.82</b>	<b>69.45</b>	<b>121.24</b>	<b>213.94</b>
Metro Water	44.80	72.78	129.58	240.88
Marana Water	43.55	72.06	121.86	217.31
Tucson Water	38.11	91.84	206.08	448.81

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 19

Classification	Meter Size	Water Use	Current Bill	Proposed Bill	Change
SF Residential	5/8	8,000	\$ 40.38	\$ 40.82	- \$ 0.44
SF Residential	5/8	15,000	\$ 68.38	\$ 69.45	\$ 1.07
SF Residential	5/8	25,000	\$118.55	\$121.24	\$ 2.69
SF Residential	5/8	40,000	\$207.74	\$213.94	\$ 6.20
Irrigation	1	27,000	\$129.37	\$131.12	\$ 1.75
Commercial	2	57,000	\$294.22	\$297.07	\$ 2.85
MF Residential	4	550,000	\$ 2,098.27	\$ 2,125.77	\$ 27.50
Turf – Potable	4	4,000,000	\$13,034.77	\$13,234.77	\$200.00
Reclaimed - Turf	6	15,000,000	\$41,209.54	\$41,809.54	\$600.00

Proposed rates for all Oro Valley Water Utility meter sizes may be found in Appendix B. Tables that calculate monthly bills under the proposed rates may also be found in Appendix B. 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 20 contains the proposed reclaimed rates. Tucson Water's rates have been included for comparison.

Table 20

Water Provider	Commodity Rate	GPF
Oro Valley Water – Current	\$2.23	\$0.47
<b>Oro Valley Water – Proposed</b>	<b>\$2.27</b>	<b>\$0.47</b>
Tucson Water	\$2.50	N/A

*Cost per 1,000 gallons.*

## 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 the security deposit for a construction meter be increased to recover material costs associated with replacing the meter and backflow device. These meters are used by contractors to obtain construction water. When the meter is returned, the security deposit is refunded in its entirety. Occasionally the meter is returned damaged. If there is damage, the security deposit is then used to repair or replace the meter. Detailed cost information may be found in Appendix C.

## Conclusion

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 to plan for changes in debt service, operating or capital costs.

The Water Utility 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 2, 2015.

The Oro Valley Water Utility Staff and Commission are dedicated to serving the Town of Oro Valley and the customers of its water utility. Water Utility Staff and the Commission extend their appreciation to the Mayor and Council for their consideration and guidance and looks forward to their continued direction.

# APPENDIX A

## Preferred Financial Scenario Pro Formas

- A-1 Operating Fund
- A-2 Groundwater Preservation Fee
- A-3 Alternative Water Resources Development Impact Fee Fund
- A-4 Potable Water System Development Impact Fee Fund
- A-5 Summary of All Funds

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>REVENUES</b>					
<b>Water Sales</b>					
Potable Water Sales (excluding golf courses)	\$ 9,988,128	\$ 10,162,264	\$ 10,433,763	\$ 10,751,103	\$ 10,873,154
Potable Water Sales from Growth - Res. & Com.	61,726	195,363	343,704	475,025	588,823
Potable Water Sales - Golf Courses	127,419	129,967	132,819	136,937	140,999
<b>Total Potable Water Sales</b>	<b>10,177,273</b>	<b>10,487,594</b>	<b>10,910,286</b>	<b>11,363,065</b>	<b>11,602,976</b>
Reclaimed Water Sales	1,553,453	1,584,249	1,621,069	1,669,048	1,718,454
<b>Total Water Sales</b>	<b>11,730,726</b>	<b>12,071,843</b>	<b>12,531,355</b>	<b>13,032,113</b>	<b>13,321,430</b>
<b>Other Operating Revenue</b>					
Service Fees & Charges	684,200	684,200	684,200	691,000	691,000
Interest Income	190,705	131,590	110,084	109,654	91,719
<b>Total Other Operating Revenue</b>	<b>874,905</b>	<b>815,790</b>	<b>794,284</b>	<b>800,654</b>	<b>782,719</b>
<b>Total Operating Revenue</b>	<b>\$ 12,605,631</b>	<b>\$ 12,887,633</b>	<b>\$ 13,325,639</b>	<b>\$ 13,832,767</b>	<b>\$ 14,104,149</b>
<b>OPERATING EXPENSES</b>					
<b>Potable Operating Expenses</b>					
Personnel	3,173,022	3,347,538	3,531,653	3,725,894	3,930,818
Operations & Maintenance	1,890,212	1,909,114	1,928,205	1,947,487	1,966,962
Power for Pumping	800,000	800,000	920,000	920,000	920,000
Water Resource Management Costs	450,000	450,000	-	-	-
CAP Wheeling Costs - 25%	262,442	271,302	281,048	281,048	347,965
CAP Water Recharge Costs	1,719,930	1,770,705	1,822,230	1,853,145	2,072,355
<b>Total Potable Operating Expenses</b>	<b>\$ 8,295,606</b>	<b>\$ 8,548,659</b>	<b>\$ 8,483,136</b>	<b>\$ 8,727,574</b>	<b>\$ 9,238,100</b>
<b>Reclaimed Operating Expenses</b>					
Operating & Maintenance	903,028	944,258	996,801	1,040,969	1,086,179
<b>Total Reclaimed Operating Expenses</b>	<b>\$ 903,028</b>	<b>\$ 944,258</b>	<b>\$ 996,801</b>	<b>\$ 1,040,969</b>	<b>\$ 1,086,179</b>
<b>Total Operating Expenses</b>	<b>\$ 9,198,634</b>	<b>\$ 9,492,917</b>	<b>\$ 9,479,937</b>	<b>\$ 9,768,543</b>	<b>\$ 10,324,279</b>
<b>Net Operating Revenue</b>	<b>\$ 3,406,997</b>	<b>\$ 3,394,716</b>	<b>\$ 3,845,702</b>	<b>\$ 4,064,224</b>	<b>\$ 3,779,870</b>
<b>DEBT SERVICE - POTABLE</b>					
P&I - Excise Tax Bonds - Land for MOC (2005)	125,758	-	-	-	-
P&I - Excise Tax Bonds - Refinance 1996 (2007)	1,258,430	1,259,936	1,255,326	1,258,553	2,615,276
P&I - WIFA Loan - Exist. System CIP (2009)	149,322	149,275	149,226	149,175	149,123
P&I - Sr. Lien Bonds - Existing System (2012)	582,285	589,491	586,716	589,759	589,227
P&I - Refunding - Excise - Private Placement (2013)	1,039,489	1,015,424	1,026,250	1,016,859	1,017,323
P&I - WIFA Loan - Sr. Lien - AMI (2014)	408,361	408,361	408,361	408,361	408,361
P&I - Excise Tax Bonds - Refinance 2005 (2015)	4,521	50,247	150,238	150,709	151,106
P&I - WIFA Loan - Sr. Lien - Existing System (2017)	-	-	-	157,375	314,749
<b>Total Potable System Debt Service</b>	<b>\$ 3,568,166</b>	<b>\$ 3,472,734</b>	<b>\$ 3,576,117</b>	<b>\$ 3,730,791</b>	<b>\$ 5,245,165</b>
<b>Other Obligations</b>					
Machinery & Equipment & Vehicle Reserve	\$ 206,800	\$ 100,000	\$ 100,000	\$ 200,000	\$ 100,000
Capital Improvements: Existing System	1,279,000	1,680,000	70,000	275,000	70,000
<b>Total Other Obligations</b>	<b>\$ 1,485,800</b>	<b>\$ 1,780,000</b>	<b>\$ 170,000</b>	<b>\$ 475,000</b>	<b>\$ 170,000</b>
<b>Net Balance From Operations</b>	<b>\$ (1,646,969)</b>	<b>\$ (1,858,017)</b>	<b>\$ 99,584</b>	<b>\$ (141,567)</b>	<b>\$ (1,635,295)</b>
<b>Beginning Cash Balance</b>	<b>\$ 8,038,049</b>	<b>\$ 6,391,080</b>	<b>\$ 4,533,063</b>	<b>\$ 4,632,647</b>	<b>\$ 4,491,080</b>
<b>Net Balance From Operations</b>	<b>(1,646,969)</b>	<b>(1,858,017)</b>	<b>99,584</b>	<b>(141,567)</b>	<b>(1,635,295)</b>
<b>Ending Cash Balance</b>	<b>\$ 6,391,080</b>	<b>\$ 4,533,063</b>	<b>\$ 4,632,647</b>	<b>\$ 4,491,080</b>	<b>\$ 2,855,785</b>

Groundwater Preservation Fees

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>GPF Beginning Balance</b>	\$ 3,306,394	\$ 1,196,770	\$ 986,293	\$ 963,754	\$ 966,867
<b>Revenue</b>					
GPF Revenue - Potable	1,998,071	1,998,071	1,998,071	1,998,071	1,998,071
GPF Revenue - Reclaimed	309,596	309,596	309,596	309,596	309,596
GPF Revenue - Growth	11,007	38,295	67,635	92,185	111,942
<b>Total Revenue</b>	<u>2,318,674</u>	<u>2,345,962</u>	<u>2,375,302</u>	<u>2,399,852</u>	<u>2,419,609</u>
<b>Expenses</b>					
CAP Wheeling Costs - 75%	787,327	813,907	843,145	843,145	1,043,894
Capital Cost for CAP Allotment 6,748 AF	155,204	161,952	168,700	168,700	168,700
Reclaimed Capital Projects - Main Relocate & Extend	2,100,000	200,000	-	-	-
P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2007)	311,256	311,130	311,001	310,867	310,727
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	1,074,511	1,069,449	1,074,995	1,074,027	1,071,765
<b>Total Expenses</b>	<u>4,428,298</u>	<u>2,556,438</u>	<u>2,397,841</u>	<u>2,396,739</u>	<u>2,595,086</u>
<b>GPF Ending Balance</b>	\$ 1,196,770	\$ 986,293	\$ 963,754	\$ 966,867	\$ 791,389

Alternative Water Resources Development Impact Fee Fund

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>REVENUES</b>					
AWRD Impact Fee Revenue	\$ 1,331,323	\$ 1,415,750	\$ 1,415,750	\$ 1,213,500	\$ 1,011,250
<b>Subtotal Revenue</b>	<b>1,331,323</b>	<b>1,415,750</b>	<b>1,415,750</b>	<b>1,213,500</b>	<b>1,011,250</b>
<b>Other Operating Revenue</b>					
Interest Income	91,890	118,542	142,738	128,267	78,528
<b>Subtotal Other Operating Revenue</b>	<b>91,890</b>	<b>118,542</b>	<b>142,738</b>	<b>128,267</b>	<b>78,528</b>
<b>Total Operating Revenue</b>	<b>\$ 1,423,213</b>	<b>\$ 1,534,292</b>	<b>\$ 1,558,488</b>	<b>\$ 1,341,767</b>	<b>\$ 1,089,778</b>
<b>OPERATING EXPENSES</b>					
N/A	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Operating Revenue</b>	<b>\$ 1,423,213</b>	<b>\$ 1,534,292</b>	<b>\$ 1,558,488</b>	<b>\$ 1,341,767</b>	<b>\$ 1,089,778</b>
<b>DEBT SERVICE</b>					
N/A	-	-	-	-	-
<b>Total Debt Service</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>OTHER OBLIGATIONS</b>					
Capital Improvements:					
CAP Capital Charges 3557 acre feet	\$ 81,811	\$ 85,368	\$ 88,925	\$ 88,925	\$ 88,925
CAP Facilities Engineering & Construction	-	100,000	400,000	4,110,000	3,100,000
<b>Total Other Obligations</b>	<b>\$ 81,811</b>	<b>\$ 185,368</b>	<b>\$ 488,925</b>	<b>\$ 4,198,925</b>	<b>\$ 3,188,925</b>
<b>Net Balance From Operations</b>	<b>\$ 1,341,402</b>	<b>\$ 1,348,924</b>	<b>\$ 1,069,563</b>	<b>\$ (2,857,158)</b>	<b>\$ (2,099,147)</b>
<b>Beginning Cash Balance</b>	<b>\$ 4,021,793</b>	<b>\$ 5,363,195</b>	<b>\$ 6,712,119</b>	<b>\$ 7,781,682</b>	<b>\$ 4,924,524</b>
<b>Net Balance From Operations</b>	<b>\$ 1,341,402</b>	<b>\$ 1,348,924</b>	<b>\$ 1,069,563</b>	<b>\$ (2,857,158)</b>	<b>\$ (2,099,147)</b>
<b>Ending Cash Balance</b>	<b>\$ 5,363,195</b>	<b>\$ 6,712,119</b>	<b>\$ 7,781,682</b>	<b>\$ 4,924,524</b>	<b>\$ 2,825,377</b>

Potable Water System Development Impact Fee Fund

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>REVENUES</b>					
Development Impact Fees	\$ 663,207	\$ 705,250	\$ 705,250	\$ 604,500	\$ 503,750
<b>Subtotal Revenue</b>	<b>\$ 663,207</b>	<b>\$ 705,250</b>	<b>\$ 705,250</b>	<b>\$ 604,500</b>	<b>\$ 503,750</b>
<b>Other Operating Revenue</b>					
Interest Income	99,044	108,059	117,711	126,617	129,112
<b>Subtotal Other Operating Revenue</b>	<b>99,044</b>	<b>108,059</b>	<b>117,711</b>	<b>126,617</b>	<b>129,112</b>
<b>Total Operating Revenue</b>	<b>\$ 762,251</b>	<b>\$ 813,309</b>	<b>\$ 822,961</b>	<b>\$ 731,117</b>	<b>\$ 632,862</b>
<b>OPERATING EXPENSES</b>					
N/A	-	-	-	-	-
<b>Total Operating Expenses</b>	<b>\$ -</b>				
<b>Net Operating Revenue</b>	<b>\$ 762,251</b>	<b>\$ 813,309</b>	<b>\$ 822,961</b>	<b>\$ 731,117</b>	<b>\$ 632,862</b>
<b>DEBT SERVICE</b>					
P&I - Sr. Lien Bonds - Expansion Related (2012)	\$ 331,478	\$ 329,916	\$ 331,627	\$ 331,328	\$ 330,630
<b>Total Water System Debt Service</b>	<b>\$ 331,478</b>	<b>\$ 329,916</b>	<b>\$ 331,627</b>	<b>\$ 331,328</b>	<b>\$ 330,630</b>
<b>OTHER OBLIGATIONS</b>					
Growth Related Capital Projects	-	-	-	-	500,000
<b>Total Other Obligations</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 500,000</b>
<b>Net Balance From Operations</b>	<b>\$ 430,773</b>	<b>\$ 483,393</b>	<b>\$ 491,334</b>	<b>\$ 399,789</b>	<b>\$ (197,768)</b>
<b>Beginning Cash Balance</b>	<b>\$ 4,800,153</b>	<b>\$ 5,230,926</b>	<b>\$ 5,714,319</b>	<b>\$ 6,205,653</b>	<b>\$ 6,605,442</b>
<b>Net Balance From Operations</b>	<b>\$ 430,773</b>	<b>\$ 483,393</b>	<b>\$ 491,334</b>	<b>\$ 399,789</b>	<b>\$ (197,768)</b>
<b>Ending Cash Balance</b>	<b>\$ 5,230,926</b>	<b>\$ 5,714,319</b>	<b>\$ 6,205,653</b>	<b>\$ 6,605,442</b>	<b>\$ 6,407,674</b>

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>REVENUES</b>					
<b>Water Sales</b>					
Potable Water Sales (exclude golf courses)	\$ 9,988,128	\$ 10,162,264	\$ 10,433,763	\$ 10,751,103	\$ 10,873,154
Potable Water Sales from Growth	61,726	195,363	343,704	475,025	588,823
Potable Water Sales - Golf Courses	127,419	129,967	132,819	136,937	140,999
<b>Total Potable Water Sales</b>	<b>10,177,273</b>	<b>10,487,594</b>	<b>10,910,286</b>	<b>11,363,065</b>	<b>11,602,976</b>
Reclaimed Water Sales	1,553,453	1,584,249	1,621,069	1,669,048	1,718,454
<b>Total Water Sales</b>	<b>11,730,726</b>	<b>12,071,843</b>	<b>12,531,355</b>	<b>13,032,113</b>	<b>13,321,430</b>
<b>Other Operating Revenue</b>					
<b>Groundwater Preservation Fees</b>					
Groundwater Preservation Fee - Potable	1,998,071	1,998,071	1,998,071	1,998,071	1,998,071
Groundwater Preservation Fee - Reclaimed	309,596	309,596	309,596	309,596	309,596
Groundwater Preservation Fee - Growth	11,007	38,295	67,635	92,185	111,942
<b>Total Groundwater Preservation Fees</b>	<b>2,318,674</b>	<b>2,345,962</b>	<b>2,375,302</b>	<b>2,399,852</b>	<b>2,419,609</b>
Potable Water Impact Fees	663,207	705,250	705,250	604,500	503,750
Alternative Water Impact Fees	1,331,323	1,415,750	1,415,750	1,213,500	1,011,250
Service Fees & Charges	684,200	684,200	684,200	691,000	691,000
Interest Income	381,639	358,191	370,533	364,538	299,359
<b>Total Other Operating Revenue</b>	<b>5,379,043</b>	<b>5,509,353</b>	<b>5,551,035</b>	<b>5,273,390</b>	<b>4,924,968</b>
<b>Total Operating Revenue</b>	<b>\$ 17,109,769</b>	<b>\$ 17,581,196</b>	<b>\$ 18,082,390</b>	<b>\$ 18,305,503</b>	<b>\$ 18,246,398</b>
<b>OPERATING EXPENSES</b>					
<b>Potable Operating Expenses</b>					
Personnel	3,173,022	3,347,538	3,531,653	3,725,894	3,930,818
Operations & Maintenance	1,890,212	1,909,114	1,928,205	1,947,487	1,966,962
Power for Pumping	800,000	800,000	920,000	920,000	920,000
Water Resource Management Costs	450,000	450,000	-	-	-
CAP Wheeling Costs	262,442	271,302	281,048	281,048	347,965
CAP Recharge Costs	1,719,930	1,770,705	1,822,230	1,853,145	2,072,355
Costs paid by GPF Revenue (excluding debt service)	942,531	975,859	1,011,845	1,011,845	1,212,594
<b>Total Potable Operating Expenses</b>	<b>\$ 9,238,137</b>	<b>\$ 9,524,518</b>	<b>\$ 9,494,981</b>	<b>\$ 9,739,419</b>	<b>\$ 10,450,693</b>
<b>Reclaimed Operating Expenses</b>					
Operating & Maintenance	903,028	944,258	996,801	1,040,969	1,086,179
<b>Total Reclaimed Operating Expenses</b>	<b>\$ 903,028</b>	<b>\$ 944,258</b>	<b>\$ 996,801</b>	<b>\$ 1,040,969</b>	<b>\$ 1,086,179</b>
<b>Total Operating Expenses</b>	<b>\$ 10,141,165</b>	<b>\$ 10,468,777</b>	<b>\$ 10,491,782</b>	<b>\$ 10,780,388</b>	<b>\$ 11,536,872</b>
<b>Net Operating Revenue</b>	<b>\$ 6,968,604</b>	<b>\$ 7,112,419</b>	<b>\$ 7,590,608</b>	<b>\$ 7,525,115</b>	<b>\$ 6,709,526</b>
<b>Debt Service</b>					
<b>Debt Service - Potable- Existing System</b>					
P&I - Excise Tax Bonds - Land for MOC (2005)	125,758	-	-	-	-
P&I - Excise Tax Bonds - Refinance 1996 (2007)	1,258,430	1,259,936	1,255,326	1,258,553	2,615,276
P&I - WIFA Loan - Exist. System CIP (2009)	149,322	149,275	149,226	149,175	149,123
P&I - Sr. Lien Bonds - Existing System (2012)	582,285	589,491	586,716	589,759	589,227
P&I - Refunding - Excise - Private Placement (2013)	1,039,489	1,015,424	1,026,250	1,016,859	1,017,323
P&I - WIFA Loan - Sr. Lien - AMI (2014)	408,361	408,361	408,361	408,361	408,361
P&I - Excise Tax Bonds - Refinance 2005 (2015)	4,521	50,247	150,238	150,709	151,106
P&I - WIFA Loan - Sr. Lien - Existing System (2017)	-	-	-	157,375	314,749
<b>Total Potable Existing System Debt Service</b>	<b>\$ 3,568,166</b>	<b>\$ 3,472,734</b>	<b>\$ 3,576,117</b>	<b>\$ 3,730,791</b>	<b>\$ 5,245,165</b>
<b>Debt Service - Potable - Expansion Related</b>					
P&I - Sr. Lien Bonds - Expansion Related (2012)	331,478	329,916	331,627	331,328	330,630
<b>Total Potable Expansion Related Debt Service</b>	<b>\$ 331,478</b>	<b>\$ 329,916</b>	<b>\$ 331,627</b>	<b>\$ 331,328</b>	<b>\$ 330,630</b>
<b>Debt Service - Non-Potable</b>					
P&I - Sr. Lien - WIFA -Reclaimed Ph.2 (2007)	\$ 311,256	\$ 311,130	\$ 311,001	\$ 310,867	\$ 310,727
P&I - Sr. Lien Bonds - Reclaimed Ph.1 (2012)	1,074,511	1,069,449	1,074,995	1,074,027	1,071,765
<b>Total Non-Potable System Debt Service</b>	<b>\$ 1,385,767</b>	<b>\$ 1,380,579</b>	<b>\$ 1,385,996</b>	<b>\$ 1,384,894</b>	<b>\$ 1,382,492</b>
<b>Total Water System Debt Service</b>	<b>\$ 5,285,410</b>	<b>\$ 5,183,229</b>	<b>\$ 5,293,740</b>	<b>\$ 5,447,013</b>	<b>\$ 6,958,287</b>

PREFERRED FINANCIAL SCENARIO  
 Summary of all Funds

	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
<b>Other Obligations</b>					
Machinery & Equipment & Vehicle Reserve	\$ 206,800	\$ 100,000	\$ 100,000	\$ 200,000	\$ 100,000
Capital Improvements:					
Existing System	1,279,000	1,680,000	70,000	275,000	70,000
GPF Projects	2,100,000	200,000	-	-	-
Alternative Water Resources	81,811	185,368	488,925	4,198,925	3,188,925
Potable Water System Expansion	-	-	-	-	500,000
<b>Total Other Obligations</b>	<b>\$ 3,667,611</b>	<b>\$ 2,165,368</b>	<b>\$ 658,925</b>	<b>\$ 4,673,925</b>	<b>\$ 3,858,925</b>
<b>Net Balance From Operations</b>	<b>\$ (1,984,417)</b>	<b>\$ (236,178)</b>	<b>\$ 1,637,943</b>	<b>\$ (2,595,823)</b>	<b>\$ (4,107,685)</b>
Growth - New Metered Connections	215	313	310	255	205
Monthly increase to residential customer using 8K gals.	1.1%	1.6%	2.2%	2.4%	2.1%
Monthly increase to residential customer using 8K gals.	\$0.44	\$0.66	\$0.91	\$1.00	\$0.93
<b>Debt Service Coverage Requirement Amount</b>	<b>\$ 6,455,777</b>	<b>\$ 6,360,217</b>	<b>\$ 6,505,264</b>	<b>\$ 6,703,551</b>	<b>\$ 8,261,190</b>
<b>DS Coverage Ratio: Sr. Lien Bonds &amp; WIFA</b>	<b>1.79</b>	<b>1.81</b>	<b>1.88</b>	<b>1.80</b>	<b>1.54</b>
Debt Service Coverage Requirement = 1.30					
<b>Required Cash Reserves (20% of personnel, O&amp;M, debt)</b> (does not include depreciation/amortization)	<b>\$ 3,019,019</b>	<b>\$ 3,064,418</b>	<b>\$ 3,090,779</b>	<b>\$ 3,179,215</b>	<b>\$ 3,632,906</b>
<b>Beginning Cash Balance - All Funds</b>	<b>\$ 20,166,389</b>	<b>\$ 18,181,972</b>	<b>\$ 17,945,794</b>	<b>\$ 19,583,737</b>	<b>\$ 16,987,914</b>
<b>Net Balance From Operations - All Funds</b>	<b>(1,984,417)</b>	<b>(236,178)</b>	<b>1,637,943</b>	<b>(2,595,823)</b>	<b>(4,107,685)</b>
<b>Ending Cash Balance - All Funds</b>	<b>\$ 18,181,972</b>	<b>\$ 17,945,794</b>	<b>\$ 19,583,737</b>	<b>\$ 16,987,914</b>	<b>\$ 12,880,229</b>
Operating Fund	\$ 6,391,080	\$ 4,533,063	\$ 4,632,647	\$ 4,491,080	\$ 2,855,785
Groundwater Preservation Fees	1,196,770	986,293	963,754	966,867	791,389
Subtotal Operating Fund	<b>7,587,850</b>	<b>5,519,356</b>	<b>5,596,401</b>	<b>5,457,946</b>	<b>3,647,174</b>
AWRD Impact Fee Fund	5,363,195	6,712,119	7,781,682	4,924,524	2,825,377
PWSD Impact Fee Fund	5,230,926	5,714,319	6,205,653	6,605,442	6,407,674
<b>Total Ending Cash Balance</b>	<b>\$ 18,181,971</b>	<b>\$ 17,945,794</b>	<b>\$ 19,583,736</b>	<b>\$ 16,987,912</b>	<b>\$ 12,880,225</b>
<b>Contingent Reserve Fund:</b>	<b>344%</b>	<b>346%</b>	<b>370%</b>	<b>312%</b>	<b>185%</b>
Contingent Reserve Requirement = 130%					

# APPENDIX B

## Preferred Financial Scenario Rate Schedules & Tables for Bill Comparisons

- B-1 Potable & Reclaimed Water Rates
- B-2 Tables for Bill Comparisons by Meter Size - Potable
- B-8 Tables for Bill Comparisons by Meter Size - Reclaimed

**ORO VALLEY WATER UTILITY  
PREFERRED FINANCIAL SCENARIO  
PROPOSED WATER RATES**

<b>BASE RATES POTABLE &amp; RECLAIMED</b>	
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

<b>COMMODITY RATES - POTABLE WATER</b>				
<b>RESIDENTIAL &amp; IRRIGATION CLASSIFICATIONS</b>				
METER SIZE	COMMODITY TIER 1 \$2.32 COST PER 1000 GALS.	COMMODITY TIER 2 \$3.19 COST PER 1000 GALS.	COMMODITY TIER 3 \$4.40 COST PER 1000 GALS.	COMMODITY TIER 4 \$6.05 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
<b>COMMERCIAL CLASSIFICATION</b>			\$2.32 per 1000 gallons for all water use	
<b>MASTER-METERED MULTIFAMILY CLASSIFICATION</b>			\$2.32 per 1000 gallons for all water use	
<b>CONSTRUCTION WATER</b>			\$7.05 per 1000 gallons for all water use	

<b>COMMODITY RATES - RECLAIMED WATER</b>	
<b>ALL RECLAIMED WATER USES &amp; CLASSIFICATIONS</b>	\$ 2.27 per 1000 gallons for all water use

<b>GROUNDWATER PRESERVATION FEES</b>	
<b>POTABLE WATER</b>	\$ 0.90 per 1000 gallons for all water use
<b>RECLAIMED WATER</b>	\$ 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**

 = Tiers  
 = Average Water Use

**PREFERRED FINANCIAL SCENARIO**

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	16.46	16.51	0.05	0.3%	0.90	0.90	0.00	0.05	17.41	0.3%
2,000	18.73	18.83	0.10	0.5%	1.80	1.80	0.00	0.10	20.63	0.5%
3,000	21.00	21.15	0.15	0.7%	2.70	2.70	0.00	0.15	23.85	0.6%
4,000	23.27	23.47	0.20	0.9%	3.60	3.60	0.00	0.20	27.07	0.7%
5,000	25.54	25.79	0.25	1.0%	4.50	4.50	0.00	0.25	30.29	0.8%
6,000	27.81	28.11	0.30	1.1%	5.40	5.40	0.00	0.30	33.51	0.9%
7,000	30.08	30.43	0.35	1.2%	6.30	6.30	0.00	0.35	36.73	1.0%
8,000	33.18	33.62	0.44	1.3%	7.20	7.20	0.00	0.44	40.82	1.1%
9,000	36.28	36.81	0.53	1.5%	8.10	8.10	0.00	0.53	44.91	1.2%
10,000	39.38	40.00	0.62	1.6%	9.00	9.00	0.00	0.62	49.00	1.3%
11,000	42.48	43.19	0.71	1.7%	9.90	9.90	0.00	0.71	53.09	1.4%
12,000	45.58	46.38	0.80	1.8%	10.80	10.80	0.00	0.80	57.18	1.4%
13,000	48.68	49.57	0.89	1.8%	11.70	11.70	0.00	0.89	61.27	1.5%
14,000	51.78	52.76	0.98	1.9%	12.60	12.60	0.00	0.98	65.36	1.5%
15,000	54.88	55.95	1.07	1.9%	13.50	13.50	0.00	1.07	69.45	1.6%
16,000	57.98	59.14	1.16	2.0%	14.40	14.40	0.00	1.16	73.54	1.6%
17,000	62.21	63.54	1.33	2.1%	15.30	15.30	0.00	1.33	78.84	1.7%
18,000	66.44	67.94	1.50	2.3%	16.20	16.20	0.00	1.50	84.14	1.8%
19,000	70.67	72.34	1.67	2.4%	17.10	17.10	0.00	1.67	89.44	1.9%
20,000	74.90	76.74	1.84	2.5%	18.00	18.00	0.00	1.84	94.74	2.0%
21,000	79.13	81.14	2.01	2.5%	18.90	18.90	0.00	2.01	100.04	2.1%
22,000	83.36	85.54	2.18	2.6%	19.80	19.80	0.00	2.18	105.34	2.1%
23,000	87.59	89.94	2.35	2.7%	20.70	20.70	0.00	2.35	110.64	2.2%
24,000	91.82	94.34	2.52	2.7%	21.60	21.60	0.00	2.52	115.94	2.2%
25,000	96.05	98.74	2.69	2.8%	22.50	22.50	0.00	2.69	121.24	2.3%
26,000	100.28	103.14	2.86	2.9%	23.40	23.40	0.00	2.86	126.54	2.3%
27,000	104.51	107.54	3.03	2.9%	24.30	24.30	0.00	3.03	131.84	2.4%
28,000	108.74	111.94	3.20	2.9%	25.20	25.20	0.00	3.20	137.14	2.4%
29,000	112.97	116.34	3.37	3.0%	26.10	26.10	0.00	3.37	142.44	2.4%
30,000	117.20	120.74	3.54	3.0%	27.00	27.00	0.00	3.54	147.74	2.5%
31,000	121.43	125.14	3.71	3.1%	27.90	27.90	0.00	3.71	153.04	2.5%
32,000	125.66	129.54	3.88	3.1%	28.80	28.80	0.00	3.88	158.34	2.5%
33,000	131.42	135.59	4.17	3.2%	29.70	29.70	0.00	4.17	165.29	2.6%
34,000	137.18	141.64	4.46	3.3%	30.60	30.60	0.00	4.46	172.24	2.7%
35,000	142.94	147.69	4.75	3.3%	31.50	31.50	0.00	4.75	179.19	2.7%
36,000	148.70	153.74	5.04	3.4%	32.40	32.40	0.00	5.04	186.14	2.8%
37,000	154.46	159.79	5.33	3.5%	33.30	33.30	0.00	5.33	193.09	2.8%
38,000	160.22	165.84	5.62	3.5%	34.20	34.20	0.00	5.62	200.04	2.9%
39,000	165.98	171.89	5.91	3.6%	35.10	35.10	0.00	5.91	206.99	2.9%
40,000	171.74	177.94	6.20	3.6%	36.00	36.00	0.00	6.20	213.94	3.0%
41,000	177.50	183.99	6.49	3.7%	36.90	36.90	0.00	6.49	220.89	3.0%
42,000	183.26	190.04	6.78	3.7%	37.80	37.80	0.00	6.78	227.84	3.1%
43,000	189.02	196.09	7.07	3.7%	38.70	38.70	0.00	7.07	234.79	3.1%
44,000	194.78	202.14	7.36	3.8%	39.60	39.60	0.00	7.36	241.74	3.1%
45,000	200.54	208.19	7.65	3.8%	40.50	40.50	0.00	7.65	248.69	3.2%
46,000	206.30	214.24	7.94	3.8%	41.40	41.40	0.00	7.94	255.64	3.2%
47,000	212.06	220.29	8.23	3.9%	42.30	42.30	0.00	8.23	262.59	3.2%
48,000	217.82	226.34	8.52	3.9%	43.20	43.20	0.00	8.52	269.54	3.3%
49,000	223.58	232.39	8.81	3.9%	44.10	44.10	0.00	8.81	276.49	3.3%
50,000	229.34	238.44	9.10	4.0%	45.00	45.00	0.00	9.10	283.44	3.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

= Average Water Use

**FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 3/4" x 3/4" METER**

BASE RATE \$ 21.29

COMMODITY RATE: TIER 1 = \$ 2.32 FOR 0 - 10,000 GALLONS  
 TIER 2 = \$ 3.19 FOR 10,001 - 24,000 GALLONS  
 TIER 3 = \$ 4.40 FOR 24,001 - 48,000 GALLONS  
 TIER 4 = \$ 6.05 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	37.18	37.53	0.35	0.9%	6.30	6.30	0.00	0.35	43.83	0.8%
11,000	47.09	47.68	0.59	1.3%	9.90	9.90	0.00	0.59	57.58	1.0%
28,000	104.31	106.75	2.44	2.3%	25.20	25.20	0.00	2.44	131.95	1.9%
50,000	200.43	206.85	6.42	3.2%	45.00	45.00	0.00	6.42	251.85	2.6%

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 = \$ 2.32 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	37.18	37.53	0.35	0.9%	6.30	6.30	0.00	0.35	43.83	0.8%
11,000	46.26	46.81	0.55	1.2%	9.90	9.90	0.00	0.55	56.71	1.0%
28,000	84.85	86.25	1.40	1.6%	25.20	25.20	0.00	1.40	111.45	1.3%
50,000	134.79	137.29	2.50	1.9%	45.00	45.00	0.00	2.50	182.29	1.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 1" METER**

BASE RATE \$ 35.48

COMMODITY RATE: TIER 1 = \$ 2.32 FOR 0 - 17,000 GALLONS  
 TIER 2 = \$ 3.19 FOR 17,001 - 40,000 GALLONS  
 TIER 3 = \$ 4.40 FOR 40,001 - 80,000 GALLONS  
 TIER 4 = \$ 6.05 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%
17,000	74.07	74.92	0.85	1.1%	15.30	15.30	0.00	0.85	90.22	1.0%
27,000	105.07	106.82	1.75	1.7%	24.30	24.30	0.00	1.75	131.12	1.4%
38,000	139.17	141.91	2.74	2.0%	34.20	34.20	0.00	2.74	176.11	1.6%
50,000	187.67	192.29	4.62	2.5%	45.00	45.00	0.00	4.62	237.29	2.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

= Average Water Use

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 1" METER**

BASE RATE \$ 35.48

COMMODITY RATE: TIER 1 = \$ 2.32 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%
15,000	69.53	70.28	0.75	1.1%	13.50	13.50	0.00	0.75	83.78	0.9%
27,000	96.77	98.12	1.35	1.4%	24.30	24.30	0.00	1.35	122.42	1.1%
38,000	121.74	123.64	1.90	1.6%	34.20	34.20	0.00	1.90	157.84	1.2%
50,000	148.98	151.48	2.50	1.7%	45.00	45.00	0.00	2.50	196.48	1.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 1.5" METER**

BASE RATE \$ 70.95

COMMODITY RATE: TIER 1 = \$ 2.32 FOR 0 - 35,000 GALLONS  
 TIER 2 = \$ 3.19 FOR 35,001 - 80,000 GALLONS  
 TIER 3 = \$ 4.40 FOR 80,001 - 160,000 GALLONS  
 TIER 4 = \$ 6.05 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	159.70	161.72	2.02	1.3%	34.20	34.20	0.00	2.02	195.92	1.0%
64,000	240.30	244.66	4.36	1.8%	57.60	57.60	0.00	4.36	302.26	1.5%
90,000	332.20	339.70	7.50	2.3%	81.00	81.00	0.00	7.50	420.70	1.8%
125,000	480.25	493.70	13.45	2.8%	112.50	112.50	0.00	13.45	606.20	2.3%

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 = \$ 2.32 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%
30,000	139.05	140.55	1.50	1.1%	27.00	27.00	0.00	1.50	167.55	0.9%
64,000	216.23	219.43	3.20	1.5%	57.60	57.60	0.00	3.20	277.03	1.2%
90,000	275.25	279.75	4.50	1.6%	81.00	81.00	0.00	4.50	360.75	1.3%
125,000	354.70	360.95	6.25	1.8%	112.50	112.50	0.00	6.25	473.45	1.3%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

  = Average Water Use

**FOR IRRIGATION CUSTOMERS WITH A 2" METER**

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.32 FOR 0 - 56,000 GALLONS  
 TIER 2 = \$ 3.19 FOR 56,001 - 128,000 GALLONS  
 TIER 3 = \$ 4.40 FOR 128,001 - 256,000 GALLONS  
 TIER 4 = \$ 6.05 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	243.75	246.64	2.89	1.2%	51.30	51.30	0.00	2.89	297.94	1.0%
130,000	472.31	481.93	9.62	2.0%	117.00	117.00	0.00	9.62	598.93	1.6%
250,000	979.91	1,009.93	30.02	3.1%	225.00	225.00	0.00	30.02	1,234.93	2.5%
325,000	1,402.73	1,453.78	51.05	3.6%	292.50	292.50	0.00	51.05	1,746.28	3.0%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 2" METER**

BASE RATE \$ 113.53

COMMODITY RATE: TIER 1 = \$ 2.32 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	242.92	245.77	2.85	1.2%	51.30	51.30	0.00	2.85	297.07	1.0%
128,000	404.09	410.49	6.40	1.6%	115.20	115.20	0.00	6.40	525.69	1.2%
250,000	681.03	693.53	12.50	1.8%	225.00	225.00	0.00	12.50	918.53	1.4%
325,000	851.28	867.53	16.25	1.9%	292.50	292.50	0.00	16.25	1,160.03	1.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 3" METER**

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.32 FOR 0 - 112,000 GALLONS  
 TIER 2 = \$ 3.19 FOR 112,001 - 256,000 GALLONS  
 TIER 3 = \$ 4.40 FOR 256,001 - 512,000 GALLONS  
 TIER 4 = \$ 6.05 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	340.55	343.05	2.50	0.7%	45.00	45.00	0.00	2.50	388.05	0.6%
150,000	599.09	608.11	9.02	1.5%	135.00	135.00	0.00	9.02	743.11	1.2%
300,000	1,113.81	1,139.85	26.04	2.3%	270.00	270.00	0.00	26.04	1,409.85	1.9%
500,000	1,959.81	2,019.85	60.04	3.1%	450.00	450.00	0.00	60.04	2,469.85	2.5%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

= Average Water Use

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 3" METER**

BASE RATE \$ 227.05

COMMODITY RATE: TIER 1 = \$ 2.32 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	340.55	343.05	2.50	0.7%	45.00	45.00	0.00	2.50	388.05	0.6%
150,000	567.55	575.05	7.50	1.3%	135.00	135.00	0.00	7.50	710.05	1.1%
300,000	908.05	923.05	15.00	1.7%	270.00	270.00	0.00	15.00	1,193.05	1.3%
500,000	1,362.05	1,387.05	25.00	1.8%	450.00	450.00	0.00	25.00	1,837.05	1.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR IRRIGATION CUSTOMERS WITH A 4" METER**

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.32 FOR 0 - 175,000 GALLONS  
 TIER 2 = \$ 3.19 FOR 175,001 - 400,000 GALLONS  
 TIER 3 = \$ 4.40 FOR 400,001 - 800,000 GALLONS  
 TIER 4 = \$ 6.05 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	1,139.52	1,159.52	20.00	1.8%	270.00	270.00	0.00	20.00	1,429.52	1.4%
550,000	2,084.02	2,138.52	54.50	2.6%	495.00	495.00	0.00	54.50	2,633.52	2.1%
700,000	2,718.52	2,798.52	80.00	2.9%	630.00	630.00	0.00	80.00	3,428.52	2.4%
850,000	3,429.52	3,541.02	111.50	3.3%	765.00	765.00	0.00	111.50	4,306.02	2.7%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 4" METER**

BASE RATE \$ 354.77

COMMODITY RATE: TIER 1 = \$ 2.32 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	1,035.77	1,050.77	15.00	1.4%	270.00	270.00	0.00	15.00	1,320.77	1.1%
550,000	1,603.27	1,630.77	27.50	1.7%	495.00	495.00	0.00	27.50	2,125.77	1.3%
700,000	1,943.77	1,978.77	35.00	1.8%	630.00	630.00	0.00	35.00	2,608.77	1.4%
850,000	2,284.27	2,326.77	42.50	1.9%	765.00	765.00	0.00	42.50	3,091.77	1.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

  = Average Water Use

**FOR RESIDENTIAL & IRRIGATION CUSTOMERS WITH A 6" METER**

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.32 FOR 0 - 860,000 GALLONS  
 TIER 2 = \$ 3.19 FOR 860,001 - 2,000,000 GALLONS  
 TIER 3 = \$ 4.40 FOR 2,000,001 - 3,500,000 GALLONS  
 TIER 4 = \$ 6.05 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	1,674.29	1,695.54	21.25	1.3%	382.50	382.50	0.00	21.25	2,078.04	1.0%
1,000,000	3,095.74	3,151.34	55.60	1.8%	900.00	900.00	0.00	55.60	4,051.34	1.4%
1,500,000	4,645.74	4,746.34	100.60	2.2%	1,350.00	1,350.00	0.00	100.60	6,096.34	1.7%
2,000,000	6,195.74	6,341.34	145.60	2.4%	1,800.00	1,800.00	0.00	145.60	8,141.34	1.8%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR COMMERCIAL & MULTIFAMILY CUSTOMERS WITH A 6" METER**

BASE RATE \$ 709.54

COMMODITY RATE: TIER 1 = \$ 2.32 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	1,674.29	1,695.54	21.25	1.3%	382.50	382.50	0.00	21.25	2,078.04	1.0%
1,000,000	2,979.54	3,029.54	50.00	1.7%	900.00	900.00	0.00	50.00	3,929.54	1.3%
1,500,000	4,114.54	4,189.54	75.00	1.8%	1,350.00	1,350.00	0.00	75.00	5,539.54	1.4%
2,000,000	5,249.54	5,349.54	100.00	1.9%	1,800.00	1,800.00	0.00	100.00	7,149.54	1.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

**FOR CUSTOMERS WITH A 8" METER**

BASE RATE \$ 1,135.26

COMMODITY RATE: TIER 1 = \$ 2.32 FOR 0 - 860,000 GALLONS  
 TIER 2 = \$ 3.19 FOR 860,001 - 2,000,000 GALLONS  
 TIER 3 = \$ 4.40 FOR 2,000,001 - 3,500,000 GALLONS  
 TIER 4 = \$ 6.05 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	2,100.01	2,121.26	21.25	1.0%	382.50	382.50	0.00	21.25	2,503.76	0.9%
1,000,000	3,521.46	3,577.06	55.60	1.6%	900.00	900.00	0.00	55.60	4,477.06	1.3%
1,500,000	5,071.46	5,172.06	100.60	2.0%	1,350.00	1,350.00	0.00	100.60	6,522.06	1.6%
2,000,000	6,621.46	6,767.06	145.60	2.2%	1,800.00	1,800.00	0.00	145.60	8,567.06	1.7%

(There are no active 8-inch potable meters in the OVWU system)

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON  
**FOR COMMERCIAL AND MULTIFAMILY CUSTOMERS WITH A 8" METER**

 = Average Water Use

BASE RATE \$ 1,135.26

COMMODITY RATE: TIER 1 = \$ 2.32 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	2,100.01	2,121.26	21.25	1.0%	382.50	382.50	0.00	21.25	2,503.76	0.9%
1,000,000	3,405.26	3,455.26	50.00	1.5%	900.00	900.00	0.00	50.00	4,355.26	1.2%
1,500,000	4,540.26	4,615.26	75.00	1.7%	1,350.00	1,350.00	0.00	75.00	5,965.26	1.3%
2,000,000	5,675.26	5,775.26	100.00	1.8%	1,800.00	1,800.00	0.00	100.00	7,575.26	1.3%

(There are no active 8-inch potable meters in the OVWU system)

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 = \$ 2.27 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	-	-	70.95	0.0%
50,000	182.45	184.45	2.00	1.1%	23.50	23.50	-	2.00	207.95	1.0%
135,000	372.00	377.40	5.40	1.5%	63.45	63.45	-	5.40	440.85	1.2%
200,000	516.95	524.95	8.00	1.5%	94.00	94.00	-	8.00	618.95	1.3%
250,000	628.45	638.45	10.00	1.6%	117.50	117.50	-	10.00	755.95	1.3%

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 = \$ 2.27 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	-	113.53	0.0%
150,000	405.45	411.45	6.00	1.5%	70.50	70.50	-	6.00	481.95	1.3%
265,000	661.90	672.50	10.60	1.6%	124.55	124.55	-	10.60	797.05	1.3%
450,000	1,074.45	1,092.45	18.00	1.7%	211.50	211.50	-	18.00	1,303.95	1.4%
600,000	1,408.95	1,432.95	24.00	1.7%	282.00	282.00	-	24.00	1,714.95	1.4%

TABLE FOR MONTHLY CHARGES AND PERCENT INCREASE COMPARISON

= Average Water Use

**FOR CUSTOMERS WITH A 3" METER - RECLAIMED WATER USE**

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	-	227.05	0.0%
20,000	271.65	272.45	0.80	0.3%	9.40	9.40	-	0.80	281.85	0.3%
50,000	338.55	340.55	2.00	0.6%	23.50	23.50	-	2.00	364.05	0.6%
100,000	450.05	454.05	4.00	0.9%	47.00	47.00	-	4.00	501.05	0.8%
150,000	561.55	567.55	6.00	1.1%	70.50	70.50	-	6.00	638.05	0.9%

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 = \$ 2.27 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	-	354.77	0.0%
209,000	820.84	829.20	8.36	1.0%	98.23	98.23	-	8.36	927.43	0.9%
300,000	1,023.77	1,035.77	12.00	1.2%	141.00	141.00	-	12.00	1,176.77	1.0%
450,000	1,358.27	1,376.27	18.00	1.3%	211.50	211.50	-	18.00	1,587.77	1.1%
600,000	1,692.77	1,716.77	24.00	1.4%	282.00	282.00	-	24.00	1,998.77	1.2%

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 = \$ 2.27 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	-	709.54	0.0%
470,000	1,757.64	1,776.44	18.80	1.1%	220.90	220.90	-	18.80	1,997.34	1.0%
5,000,000	11,859.54	12,059.54	200.00	1.7%	2,350.00	2,350.00	-	200.00	14,409.54	1.4%
10,000,000	23,009.54	23,409.54	400.00	1.7%	4,700.00	4,700.00	-	400.00	28,109.54	1.4%
15,000,000	34,159.54	34,759.54	600.00	1.8%	7,050.00	7,050.00	-	600.00	41,809.54	1.5%
20,000,000	45,309.54	46,109.54	800.00	1.8%	9,400.00	9,400.00	-	800.00	55,509.54	1.5%

# APPENDIX C

## Service Fees & Charges

C-1 Security Deposits – Construction Meters

## SERVICE FEES AND CHARGES

### Proposed Security Deposits - Construction Meters

**Purpose:** To reduce the Utility's financial loss when a contractor does not pay the balance on their account after the meter has been returned. In addition, the security deposit allows the utility to recover losses associated with lost or damaged equipment. The security desposit is refunded in full when the meter is returned in good condition and the final bill has been paid.

	<u>Current</u>	<u>Proposed</u>
Construction Meter Deposits	\$1,200.00	\$2,300.00

### Supporting Documentation

3-inch Omni meter	\$1,405.30
FEBCO backflow assembly	805.07
Adapter	90.29
Total costs:	<u>\$2,300.66</u>

# APPENDIX D

## 5-Year Capital Improvement Schedules

D-1 Operating Fund

D-1 Groundwater Preservation Fee

D-2 Alternative Water Resource Development Impact Fee Fund

D-2 Potable Water System Development Impact Fee Fund

**ORO VALLEY WATER UTILITY**  
**OPERATING FUND**  
**CAPITAL IMPROVEMENTS PROJECTS**  
**EXISTING POTABLE SYSTEM IMPROVEMENTS**

PROJECTS	2015-16	2016-17	2017-18	2018-19	2019-20	5 YearTotal
<b>ADMINISTRATION</b>						
AMI Meter Replacement - Oro Valley	\$ 1,800,000					\$ 1,800,000
<b>SUBTOTAL</b>	<b>\$ 1,800,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,800,000</b>
<b>PRODUCTION</b>						
Hydropneumatic Tank Replacement	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000		\$ 200,000
Replace Well Pumps		\$ 75,000		\$ 75,000		\$ 150,000
Well E2 Upgrade		\$ 100,000				\$ 100,000
D 8 Well Replacement			\$ 700,000	\$ 900,000		\$ 1,600,000
Water Quality Control Program	\$ 60,000	\$ 60,000	\$ 70,000			\$ 190,000
Steel Tank Safety Railings	\$ 80,000					\$ 80,000
Big Wash Reservoir Coating		\$ 100,000				\$ 100,000
EI Con Storage - Operational Improvements			\$ 50,000			\$ 50,000
Energy Efficiency Booster Upgrades	\$ 100,000					\$ 100,000
Deer Run Booster PRV Installation		\$ 40,000				\$ 40,000
Hydropneumatic (HP) Tank Replacement		\$ 60,000	\$ 60,000	\$ 60,000		\$ 180,000
High Mesa E and F Zone Bstr. Enhancements					\$ 50,000	\$ 50,000
Big Wash Wall Improvement	\$ 30,000					\$ 30,000
Chlorine Bldg Expansion - Control Room		\$ 80,000	\$ 200,000			\$ 280,000
Wall Upgrades and Improvements				\$ 75,000		\$ 75,000
SCADA server and monitors				\$ 50,000		\$ 50,000
SCADA Legacy Replacement				\$ 100,000		\$ 100,000
Golf Course Metering Stations Modifications				\$ 50,000		\$ 50,000
<b>SUBTOTAL</b>	<b>\$ 320,000</b>	<b>\$ 565,000</b>	<b>\$ 1,130,000</b>	<b>\$ 1,360,000</b>	<b>\$ 50,000</b>	<b>\$ 3,425,000</b>
<b>DISTRIBUTION</b>						
Main Valve Replacements	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
W. Lambert Ln. 12" Main Relocation (DIS)	\$ 450,000					\$ 450,000
Tangerine Potable Main Extension (DIS) RTA	\$ 80,000					\$ 80,000
System Connection Upgrades	\$ 100,000					\$ 100,000
La Cholla -Lambert to Tangerine (RTA)	\$ 100,000	\$ 500,000				\$ 600,000
Relocate 3 PRV/S OV Area		\$ 100,000				\$ 100,000
Rancho Verde Hydrants		\$ 200,000				\$ 200,000
EI Con. Patio Homes & Casitas Main Repl				\$ 100,000	\$ 1,300,000	\$ 1,400,000
EI Con Tennis Club - La Canada Main Repl.					\$ 600,000	\$ 600,000
<b>SUBTOTAL</b>	<b>\$ 780,000</b>	<b>\$ 850,000</b>	<b>\$ 50,000</b>	<b>\$ 150,000</b>	<b>\$ 1,950,000</b>	<b>\$ 3,780,000</b>
<b>VEHICLES</b>						
All Divisions	\$ 179,000	\$ 265,000	\$ 70,000	\$ 75,000	\$ 70,000	\$ 659,000
<b>TOTAL ALL PROJECTS</b>	<b>\$ 3,079,000</b>	<b>\$ 1,680,000</b>	<b>\$ 1,250,000</b>	<b>\$ 1,585,000</b>	<b>\$ 2,070,000</b>	<b>\$ 9,664,000</b>

**GROUNDWATER PRESERVATION FEE**  
**CAPITAL IMPROVEMENTS PROJECTS**  
**RECLAIMED SYSTEM IMPROVEMENTS**

Project Name	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
24 Inch Reclaimed Main Tangerine (DIS) RTA	\$ 2,100,000					\$ 2,100,000
Reclaimed Bstr. & Pump Replacements		\$ 200,000				\$ 200,000
<b>TOTAL</b>	<b>\$ 2,100,000</b>	<b>\$ 200,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,300,000</b>

**ORO VALLEY WATER UTILITY**  
**ALTERNATIVE WATER RESOURCES DEVELOPMENT IMPACT FEE FUND**  
**CAPITAL IMPROVEMENTS PROJECTS**  
**CAP WATER DELIVERY PROJECTS**

Project Name	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
E-C PRV Naranja Reservoir		\$ 100,000				\$ 100,000
CAP Wheeling TW Naranja 1000 AF/Yr			\$ 400,000	\$ 400,000		\$ 800,000
CAP La Cholla D-E Blending Booster Station				\$ 700,000		\$ 700,000
TW Naranja Booster Station Upgrade				\$ 1,200,000		\$ 1,200,000
24" pipe Naranja/ La Cholla/Tangerine				\$ 1,600,000	\$ 1,200,000	\$ 2,800,000
TW Oasis Booster Station Upgrades				\$ 30,000	\$ 100,000	\$ 130,000
TW 12" Pipe				\$ 80,000	\$ 800,000	\$ 880,000
TW 16" Pipe Oasis Rd.				\$ 100,000	\$ 1,000,000	\$ 1,100,000
<b>TOTAL</b>	\$ -	\$ 100,000	\$ 400,000	\$ 4,110,000	\$ 3,100,000	\$ 7,710,000

**ORO VALLEY WATER UTILITY**  
**POTABLE WATER SYSTEM DEVELOPMENT IMPACT FEE FUND**  
**CAPITAL IMPROVEMENTS PROJECTS**  
**GROWTH RELATED POTABLE WATER PROJECTS**

Project Name	2015-16	2016-17	2017-18	2018-19	2019-20	5 Year Total
Property Acquisition - Reservoir Site					\$ 500,000	\$ 500,000
<b>TOTAL</b>	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000

# APPENDIX E

## Assumptions for Preferred Financial Scenario

E-1 Operating Fund

E-5 Alternative Water Resources Development Impact Fee Fund

E-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 on 9/28/15 and are consistent with Town financial forecasting. Other growth rates include commercial, irrigation and multi-family connections.

Connections	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
SFR	200	300	300	250	200
Other	15	13	10	5	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
Single Family Residential	\$2.27	\$3.10	\$4.23	\$5.76
Irrigation	\$2.27	\$3.10	\$4.23	\$5.76
Multi-family Residential	\$2.27	---	---	---
Commercial	\$2.27	---	---	---
Construction Water	\$6.76	---	---	---
Reclaimed Water	\$2.23	---	---	---
GPF – Potable	\$0.90	---	---	---
GPF – Reclaimed	\$0.47	---	---	---

**Proposed Water Rate Structure for FY 2015-16**

The following proposed commodity rates are the cost per 1,000 gallons:

Classifications	Tier 1	Tier 2	Tier 3	Tier 4
Single Family Residential	\$2.32	\$3.19	\$4.40	\$6.05
Irrigation	\$2.32	\$3.19	\$4.40	\$6.05
Multi-family Residential	\$2.32	---	---	---
Commercial	\$2.32	---	---	---
Construction Water	\$7.05	---	---	---
Reclaimed Water	\$2.27	---	---	---
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. There are no changes to any of the base rates for FY 2015-16.

**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 using 8,000 gallons of water per month.

	Base Rate	Tier 1	Tier 2	Tier 3	Tier 4	GPF	Overall Increase	Monthly Impact
FY 15-16	N/A	2.0%	3.0%	4.0%	5.0%	0.0%	1.1%	\$0.44
FY 16-17	2.0%	2.0%	3.0%	4.0%	5.0%	0.0%	1.6%	\$0.66
FY 17-18	2.0%	3.0%	4.0%	5.0%	6.0%	0.0%	2.2%	\$0.91
FY 18-19	2.0%	3.0%	4.0%	5.0%	6.0%	0.0%	2.4%	\$1.00
FY 19-20	2.0%	3.0%	4.0%	5.0%	6.0%	0.0%	2.1%	\$0.93

**PREFERRED FINANCIAL SCENARIO**  
**ASSUMPTIONS FOR OPERATING FUND**

(continued)

**Proposed Reclaimed Water Rate Increases**

The proposed reclaimed rate increases are shown below:

	<u>FY 15-16</u>	<u>FY 16-17</u>	<u>FY 17-18</u>	<u>FY 18-19</u>	<u>FY 19-20</u>
Base Rate	N/A	N/A	N/A	N/A	N/A
Commodity Rate	\$2.27	\$2.32	\$2.39	\$2.46	\$2.54
Percent Increase	2.0%	2.0%	3.0%	3.0%	3.0%

**Groundwater Preservation Fee Rates (cost per 1,000 gallons)**

There are no proposed changes in the GPF throughout the 5-year projection period.

**Water Use Trends**

Projections include similar water use trends as those in FY 14-15. The average monthly water use for a residential customer with a 5/8 x 3/4 inch water meter decreased to 7,300 gallons per month in FY 14-15 from 7,900 gallons in FY 13-14.

**Other Revenue**

Other revenue is based on FY 15-16 proposed budget. With the exception of revenue from sewer billing, 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. Sewer billing is projected to increase by 3% in FY 2018-19.

**Beginning Cash Balance**

Taken from 6/30/15 Balance Sheet of respective funds (MUNIS reports dated 9/14/15)

**Interest Income**

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Interest rate provided by the Finance Department on 9/28/15.

**Personnel Costs**

One new employee was added in FY 15-16. No other new employees were added during the projection period. The following increases were provided by the Finance Department on 9/28/15 and are consistent with Town financial forecasting: the annual merit increase is projected to be 3.5% annually and health care costs are projected to increase by 2% annually. It is projected that the state pension will remain constant over the 5-year projection period.

**O&M Costs - Potable**

Based on Utility's proposed budget for FY 15-16 and updated with the most recent information. Projected 15% increase in power costs for a potential Tucson Electric rate increase in FY 17-18.

**O&M Costs - Reclaimed**

Based on Utility's proposed budget for FY 15-16 and updated with the most recent information. Projected 15% increase in power costs for a 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 Town's Finance Department on 9/28/15:

FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
1.0%	1.0%	1.0%	1.0%	1.0%

**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 for FY 15-16 and FY 16-17 have been estimated. The actual volume purchased will depend on the negotiated cost per acre foot.

**Reclaimed Water Wheeling Costs**

Pursuant to the existing IGA, the reclaimed water is delivered on a non-interruptible basis at an interruptible rate. The IGA is currently being renegotiated with the same terms; therefore, only inflationary increases are included annually. The rate for FY 15-16 is \$274.45/AF plus a monthly base rate. Included in the FY 15-16 costs are funds paid to Tucson Water for the purchase of their effluent when Oro Valley didn't produce enough effluent during the past 4 years. In the future, Oro Valley will have the choice to use long-term storage credits to offset any Town effluent shortages or to repay with cash; an average of \$33,600 per year has been included in the reclaimed operating costs for FY 2016-17 through FY 2019-20.

**CAP Wheeling Costs**

Costs include the 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 are subject to re-negotiation in FY 2016-17. It is assumed that there were be a 15% increase in the power component and a 5% increase in the O&M component of the wheeling rate. It is also assumed that the Utility will wheel 2,100 AF per year for FY 2015-16 through FY 2018-19. The amount wheeled is projected to increase to 2,600 AF in FY 2019-20.

**CAP Recharge Costs**

Costs are based on the rate schedule adopted by CAP 6/04/15. The figures represent the cost to deliver the Utility's entire allotment of CAP water (10,305 AF) for recharge annually.

**Capital Improvements – Operating Fund**

The following table identifies the amount of the capital projects for the existing potable water system for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 10/07/15:

Fiscal Year	Total Capital Costs	Project Financing		
		Cash Reserves	Existing WIFA Loan	New Debt
2015-16	\$ 3,079,000	\$1,279,000	\$1,800,000	-----
2016-17	\$ 1,680,000	\$1,680,000		-----
2017-18	\$ 1,250,000	\$ 70,000		\$ 1,180,000
2018-19	\$ 1,585,000	\$ 275,000		\$ 1,310,000
2019-20	<u>\$ 2,070,000</u>	<u>\$ 70,000</u>		<u>\$ 2,000,000</u>
	\$ 9,664,000	\$3,374,000	\$1,800,000	\$ 4,490,000

Assumed additional debt incurred in FY 17-18 for existing system improvements.

**PREFERRED FINANCIAL SCENARIO**  
**ASSUMPTIONS FOR OPERATING FUND**

(continued)

**Capital Improvements – Groundwater Preservation Fee**

The following table identifies the amount of the capital projects for the reclaimed water system for each fiscal year and the related financing as identified in the revised 15-Year CIP dated 10/07/15:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2015-16	\$2,100,000	\$2,100,000	-----
2016-17	200,000	200,000	-----
2017-18	-----	-----	-----
2018-19	-----	-----	-----
2019-20	-----	-----	-----
	<u>\$2,300,000</u>	<u>\$2,300,000</u>	

**Debt Service**

The following table identifies 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
2015	Excise Tax	Refunding (2005)	Stifel & Nicolaus & Co.
2017	Sr. Lien	Existing System CIP	WIFA

**Minimum Debt Service Coverage Requirement**

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

**PREFERRED FINANCIAL SCENARIO**

**ASSUMPTIONS FOR AWRDIF FUND**

**Growth**

SFR growth rates were provided by the Finance Department on 9/28/15 and are consistent with Town financial forecasting. Other Service Units (SU's) include commercial, irrigation and multi-family connections.

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
SFR SU's	200	300	300	250	200
Other SU's	50	50	50	50	50

**AWRD Impact Fees**

Decreased to \$4,045 per EDU, Ordinance No. (O) 14-05, effective 7/01/14  
Not projected to change in the 5 year projection period.

**Beginning Cash Balance**

Taken from 6/30/15 Balance Sheet of respective funds (MUNIS reports dated 9/14/15).

**Interest Income**

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Interest rate was provided by the Finance Department on 9/28/15.

**CAP Capital Costs**

Based on 3,557 AF at rate schedule adopted by CAP 6/04/15.

**Debt Service**

There is no debt service in this fund during the 5-year projection period.

**Capital Improvements**

The following table identifies the amount of the CAP water capital projects for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 10/07/15:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2015-16	-----	-----	-----
2016-17	\$ 100,000	\$ 100,000	-----
2017-18	\$ 400,000	\$ 400,000	-----
2018-19	\$4,110,000	\$4,110,000	-----
2019-20	<u>\$3,100,000</u>	<u>\$3,100,000</u>	-----
	\$7,710,000	\$7,710,000	

**PREFERRED FINANCIAL SCENARIO**

**ASSUMPTIONS FOR PWSDF FUND**

**Growth**

SFR growth rates were provided by the Finance Department on 9/28/15 and are consistent with Town financial forecasting. Other Service Units (SU's) include commercial, irrigation and multi-family connections.

	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
SFR SU's	200	300	300	250	200
Other SU's	50	50	50	50	50

**PWSD Impact Fees**

Decreased impact fees to \$2,015 per EDU, Ordinance No. (O) 14-05, effective 7/01/14. Not projected to change in the five year projection period.

**Beginning Cash Balance**

Taken from 6/30/15 Balance Sheet of respective funds. (MUNIS reports dated 9/14/15).

**Interest Income**

The interest rate for all 5 years in the analysis period is projected to be 2.0%. Interest rate was provided by the Finance Department on 9/28/15.

**Debt Service**

The following table identifies 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**

The following table identifies the amount of the growth related capital projects for the potable water system for each fiscal year and the related financing as identified in the revised 5-Year CIP dated 10/07/15:

Fiscal Year	Total Capital Costs	Project Financing	
		Cash Reserves	New Debt
2015-16	-----	-----	-----
2016-17	-----	-----	-----
2017-18	-----	-----	-----
2018-19	-----	-----	-----
2019-20	<u>\$ 500,000</u>	<u>\$ 500,000</u>	-----
	\$ 500,000	\$ 500,000	



## Town Council Regular Session

Item # **3.**

**Meeting Date:** 01/06/2016  
**Requested by:** Bayer Vella  
**Submitted By:** Rosevelt Arellano  
Development Infrastructure Services  
**Department:** Development Infrastructure Services

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### Information

#### **SUBJECT:**

PUBLIC HEARING: ORDINANCE NO. (O)16-01, REZONING AN EXISTING 26.3 ACRE TOWNHOME DEVELOPMENT LOCATED AT THE NORTHEAST AND SOUTHEAST CORNERS OF MOUNTAIN VISTA DRIVE AND ORACLE ROAD FROM R1-144 TO VERDE CATALINA TOWNHOMES PLANNED AREA DEVELOPMENT (PAD)

#### **RECOMMENDATION:**

The Planning and Zoning Commission recommends approval.

#### **EXECUTIVE SUMMARY:**

The purpose of this application is to create zoning standards that reflect the site conditions within the existing Verde Catalina Townhome 43-year-old development. The property's R1-144 (3.3 acre lots) zoning designation is not consistent with the existing lot sizes which range from 3,200 to 5,000 square feet. Due to recurring zoning issues related to building expansions, the Verde Catalina Townhomes Homeowners Association (HOA) proposes to rezone the 26.3 acre subdivision from R1-144 to PAD.

The proposed rezoning will accomplish the following:

- Create development standards that match the existing site conditions within a townhome development
- Eliminate the need for variances to allow reduced building setbacks for common building expansions (e.g., patios, carports, room additions, etc.)
- Deliver on the expectation to establish more appropriate zoning when the site was annexed
- Maintain the residential characteristics of the subdivision by not allowing: 1) new uses 2) expanded boundaries 3) taller buildings and 4) additional lots

The proposed PAD is provided as Exhibit "B" in Attachment 1. The Location Map is provided in Attachment 2.

The proposed rezoning to PAD was considered by the Planning and Zoning Commission on November 5, 2015, and December 1, 2015. At the conclusion of the public hearings, the Commission recommended approval based on the findings that the proposed rezoning is consistent with the General Plan and will provide standards which reflect the existing townhome development.

#### **BACKGROUND OR DETAILED INFORMATION:**

The Verde Catalina Townhome subdivision was built under Pima County’s jurisdiction in 1972. The property was subsequently annexed into Oro Valley and the zoning translated to R1-144 (3.3 acre lots). As required by state law, this R1-144 translational zoning reflected the Pima County Suburban Ranch (SR) zoning which existed in the County upon annexation, but did not provide for the existing townhome development on the property, which consists of approximately 3,200 to 5,000 square foot lots. The translational zoning has resulted in a legal non-conforming development.

To resolve the discrepancy in the zoning versus land use, the homeowners association (HOA) has submitted this request to develop zoning standards to reflect the existing site conditions (e.g. smaller lot sizes and building setbacks) and allow typical building expansions (e.g. porches, carports, awnings, etc.). The attached PAD reflects the proposed standards for the development, which were patterned after the Town’s R-4 (Townhome Residential) zoning district.

Current Site Conditions

- 26.3 acres
- 149 attached townhome units
- Density: 5.67 homes per acre
- Zoning is R1-144 (3.33 acre minimum lot size)
- Minimum lot size: 3,200 square feet
- Building setbacks: 0’ – 50’
- Building height: 18’, 1-story
- 250 square feet of uncovered living area in the rear yard

Land Use Context:

The existing 149 units were built under Pima County’s jurisdiction in 1972. The surrounding land uses, general plan and zoning designations are provided below and are depicted on the attached Location Map (Attachment 2), General Plan Map (Attachment 3) and Zoning Map (Attachment 4):

	<b>EXISTING LAND USE</b>	<b>GENERAL PLAN</b>	<b>ZONING</b>
<b>SUBJECT PROPERTY</b>	Townhome Development	High Density Residential (5+ homes per acre)	Single-family Residential (R1-144)
<b>NORTH</b>	Townhome Development	High Density Residential (5+ homes per acre)	Multi-family Residential (R-6)
<b>SOUTH</b>	Retail and Office	Neighborhood Commercial Office	Commercial (C-2)
<b>EAST</b>	Single-family Residential	Low Density Residential (0.4 - 1.2 homes per acre)	Single-family Residential (R1-36)
<b>WEST</b>	Single-family Residential	Neighborhood Commercial Office High Density Residential	Residential Service (R-S) Commercial (C-2)

### Approvals-to-Date:

- 1972: Verde Catalina Townhomes plat recorded and subdivision constructed
- 2003: Property annexed into Oro Valley
- 2003: Translational zoning from Pima County SR to Oro Valley R1-144
- 2011 - 2015: Variances granted for awning / building additions

### Proposed Planned Area Development

The proposed perimeter and building setbacks are similar to the R-4 zoning standards. Several modifications were made to address specific issues related to lot size, site coverage and limiting building height to 18', one-story.

### General Plan Conformance

The current density meets the existing General Plan land use designation of High Density Residential, which allows 5 or more homes per acre.

The proposed rezoning is subject to the PAD criteria outlined in the General Plan. These criteria along with staff comments are provided in Attachment 5. In summary, as the development was constructed 43 years ago, many of the criteria are not applicable to this PAD.

### Zoning Code Conformance

Based on the timing of development, the PAD is in conformance with all of the applicable findings outlined in Section 24.4.H of the Oro Valley Zoning Code. The staff analysis of these findings is provided in Attachment 6.

### Public Participation

Two neighborhood meetings were held, the first on October 8, 2014, with five residents in attendance and the second on October 28, 2014, with nine residents in attendance. The discussion at the neighborhood meetings focused on the purpose of the rezoning application and proposed development standards. The neighborhood meeting summary notes are provided as Attachment 7.

It is important to note that the proposed development standards have been reviewed and endorsed by the HOA, and presented to residents at several HOA meetings. To date, staff has received two letters of support from the HOA (Attachment 8), and one letter of concern (Attachment 9).

### Planning and Zoning Commission Review

The proposed rezoning to Planned Area Development was heard by the Planning and Zoning Commission on November 5, 2015, and December 1, 2015. The discussion at the public hearings focused on:

- Development standards of the R-4 zoning and the proposed Planned Area Development
- Permitted building expansions
- History of the development

At the conclusion of the public hearings, the Commission recommended approval based on the finding that the proposed rezoning is consistent with the General Plan and will provide standards which reflect the existing townhome development. The staff report and draft minutes from the Planning and Zoning Commission meetings are provided as Attachments 10 and 11, respectively.

### **FISCAL IMPACT:**

N/A

**SUGGESTED MOTION:**

I MOVE to adopt Ordinance No. (O)16-01, rezoning the Verde Catalina Townhomes subdivision, from R1-144 to Verde Catalina Townhomes Planned Area Development, based on the findings that the proposed rezoning is consistent with the General Plan and will resolve a long standing zoning issue.

OR

I MOVE to deny Ordinance No. (O)16-01, finding that the proposed rezoning does not meet

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**Attachments**

(O)16-01 Rezoning Existing 26.3 Acre Townhome Development

Attachment 2 - Location Map

Attachment 3 - General Plan Map

Attachment 4 - Zoning Map

Attachment 5 - General Plan Analysis

Attachment 6 - Zoning Code Analysis

Attachment 7 - Neighborhood Meeting Summary Notes

Attachment 8 - HOA Letters of Support

Attachment 9 - Letter of Concern

Attachment 10 - PZC Staff Report

Attachment 11 - PZC Meeting Minutes

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**ORDINANCE NO. (O)16-01**

**AN ORDINANCE OF THE TOWN OF ORO VALLEY, ARIZONA,  
APPROVING A REZONING REQUEST BY VERDE CATALINA  
TOWNHOMES HOMEOWNERS ASSOCIATION FOR A 26.3  
ACRE SUBDIVISION LOCATED AT THE NORTHEAST AND  
SOUTHEAST CORNERS OF MOUNTAIN VISTA DRIVE AND  
ORACLE ROAD TO BE REZONED FROM R1-144 TO VERDE  
CATALINA TOWNHOMES PLANNED AREA DEVELOPMENT**

**WHEREAS,** Verde Catalina Townhomes Homeowner Association, applied for a rezoning from R1-144 to Verde Catalina Townhomes Planned Area Development for a 26.3 acre property located at the northeast and southeast corners of Mountain Vista Drive and Oracle Road, see map of property as depicted on Exhibit “A” attached hereto; and

**WHEREAS,** the gross site of the proposed rezoning is 26.3 acres; and

**WHEREAS,** the purpose of the application is to create zoning standards that reflect the existing conditions within a 43 year old townhome development; and

**WHEREAS,** the Applicant wishes to change the zoning to planned area development to resolve a conflict between the large lot R1-144 zoning and the small lot townhome use of the property; and

**WHEREAS,** the Applicant’s request for rezoning complies with the OVZCR; and

**WHEREAS,** the Applicant's request for rezoning complies with the applicable General Plan requirements; and

**WHEREAS,** on December 1, 2015, the Planning & Zoning Commission recommended approval for rezoning the property from R1-144 to Verde Catalina Townhomes Planned Area Development, attached hereto as Exhibit “B”; and

**WHEREAS,** the Town Council has duly considered the Applicant’s request for rezoning of a 26.3 acre property located at the northeast and southeast corners of Mountain Vista Drive and Oracle Road.

**NOW, THEREFORE BE IT ORDAINED** by the Mayor and Council of the Town of Oro Valley, Arizona that the rezoning requested by Verde Catalina Townhomes Homeowner Association to a property located at the northeast and southeast corners of Mountain Vista Drive and Oracle Road.

**NOW THEREFORE BE IT FURTHER ORDAINED** that:

1. 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.
2. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions thereof.

**PASSED AND ADOPTED** by the Mayor and Council of the Town of Oro Valley, Arizona on this 6<sup>th</sup> day of January, 2016.

**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"

MAP OF PROPERTY



**EXHIBIT "B"**  
**PLANNED AREA DEVELOPMENT**

# VERDE CATALINA TOWNHOMES PLANNED AREA DEVELOPMENT

Prepared for:

**Verde Catalina Townhomes**  
Located near the northeast corner of  
Magee and Oracle Roads

Prepared by:

**Town of Oro Valley**  
11000 N. La Canada Drive  
Oro Valley, AZ 85737

January 6, 2016

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## I. Site Analysis

### A. Project Overview

The Verde Catalina Townhomes Planned Area Development (PAD) encompasses approximately 26.3 acres of developed land located on the east side of Oracle Road, approximately 700' north of the Magee and Oracle Roads intersection. See Exhibit 1: Regional Location Map.

Exhibit 1 – Regional Location Map





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## B. History

The existing townhomes were developed in the 1970's and under Pima County's Suburban Ranch (S-R) zoning district. This zoning district is intended for large single-family residential lots. At the time of construction, the townhomes did not meet both the minimum building setbacks and lot size requirements prescribed by Pima County's S-R zoning designation.

In 2003, the property was annexed into the Town of Oro Valley and translated to the Town's R1-144 (Single-Family/144,000 sq. ft. minimum lot size) zoning district. The new zoning district did not resolve the previous zoning issues (i.e. building setbacks and lot sizes) because state law required that the Town zoning (R1-144) be equivalent to the property's former zoning classification (S-R) under Pima County.

The previous land use approvals for the property include:

### Pima County

- C08-71-5 – Subdivision Plat

### Town of Oro Valley

- Ordinance No. (O) 03-09 – Annexation
- Ordinance No. (O) 03-32 – Translational Zoning

## C. Existing Land Uses

This section identifies the existing zoning and land uses on the property and adjacent parcels.

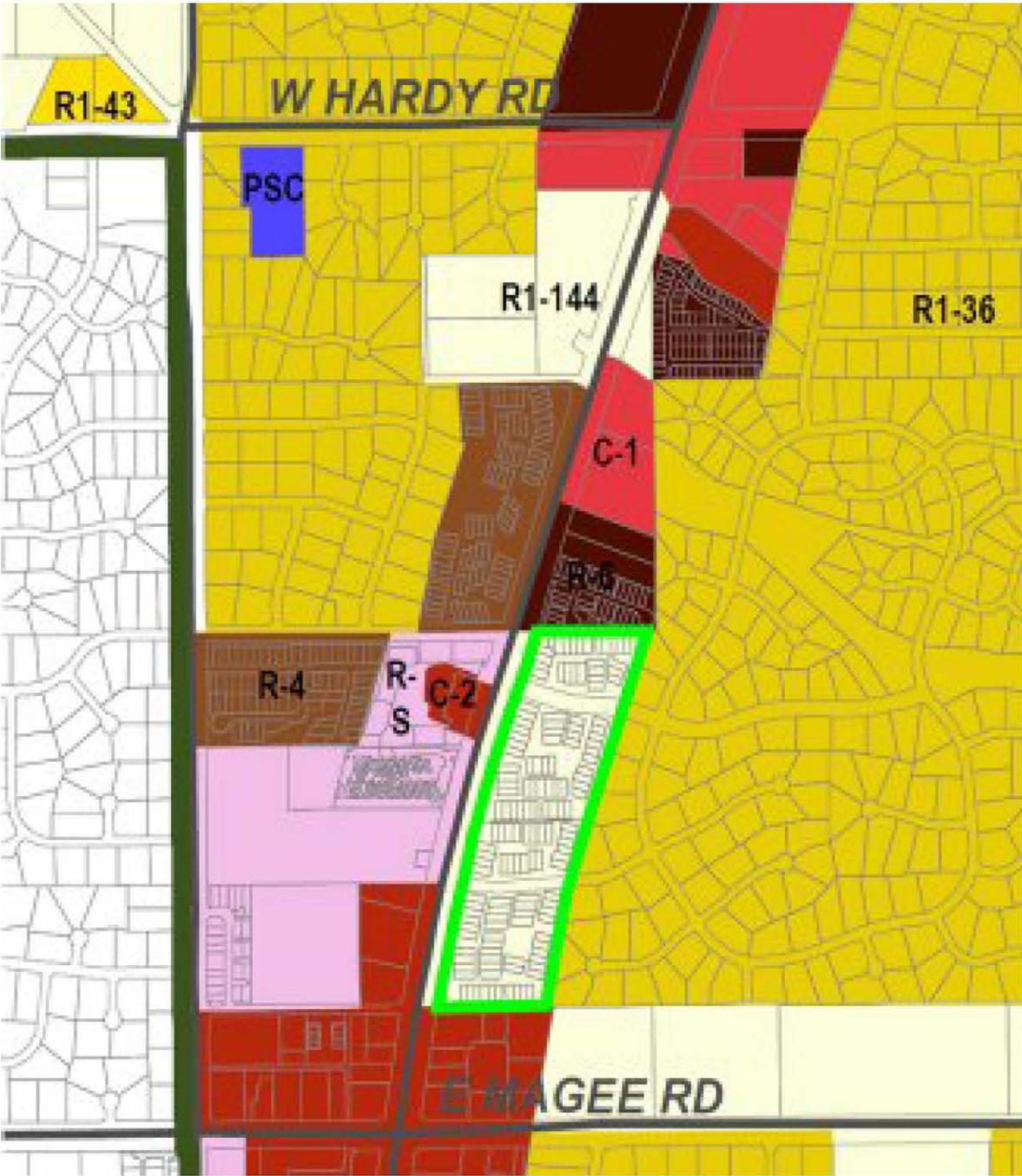
### 1. Existing Zoning (See Exhibit 3 – Zoning Map)

- Onsite: From R1-144 to Verde Catalina Townhomes PAD
- North: R-6
- South: C-2
- East: R1-36
- West: R-S and C-2

### 2. Existing Land Uses

- Onsite: Townhomes with minimum 3,200 sf. lots
- North: Townhomes
- South: Commercial
- East: Single-family detached homes
- West: Commercial, condominiums and apartments

Exhibit 3: Zoning Map



## **II. Land Use Proposal**

### **A. Permitted Uses**

1. Townhouse residential developments.
2. Other permitted uses listed under the R-4 (Townhouse Residential District) zoning designation of the Oro Valley Code Revised.

## **III. Development Standards**

### **A. Perimeter Setbacks**

Perimeter setbacks shall be maintained as follows:

1. From the property line of any R-1 district: Twenty-five (25') feet
2. From the property line of any district other than R-1: Ten (10') feet

### **B. Building Setbacks**

1. Front, sides and rear: Zero (0)
2. Ten (10') feet in between buildings

### **C. Building Height**

1. Eighteen (18') feet, 1-story

### **D. Lot Density Coverage**

1. Expansions into the front yard: May be permitted with an approval by the Planning and Zoning Administrator and the Town Engineer provided that there are no issues with site visibility triangles, traffic circulation and existing significant vegetation.
2. Expansions into the rear yard: Each lot shall maintain a minimum of two hundred fifty (250) square feet of uncovered living space in the rear yard.

### **E. Detached Accessory Structures**

1. See above setback and height provisions.
2. Detached accessory buildings shall not exceed the height of the main building nor be any closer to the front lot line than the main building.

**F. Lot Size:** The minimum lot size shall be 3,200 square foot in area.

**G. Other Provisions:** Where standards are not specified, the Oro Valley Zoning Code Revised shall govern the development.

**IV. List of Exhibits**

Exhibit 1: Regional Location Map

Exhibit 2: Aerial Map

Exhibit 3: Zoning Map

Exhibit 4: Subdivision Map

Exhibit 1: Regional Location Map

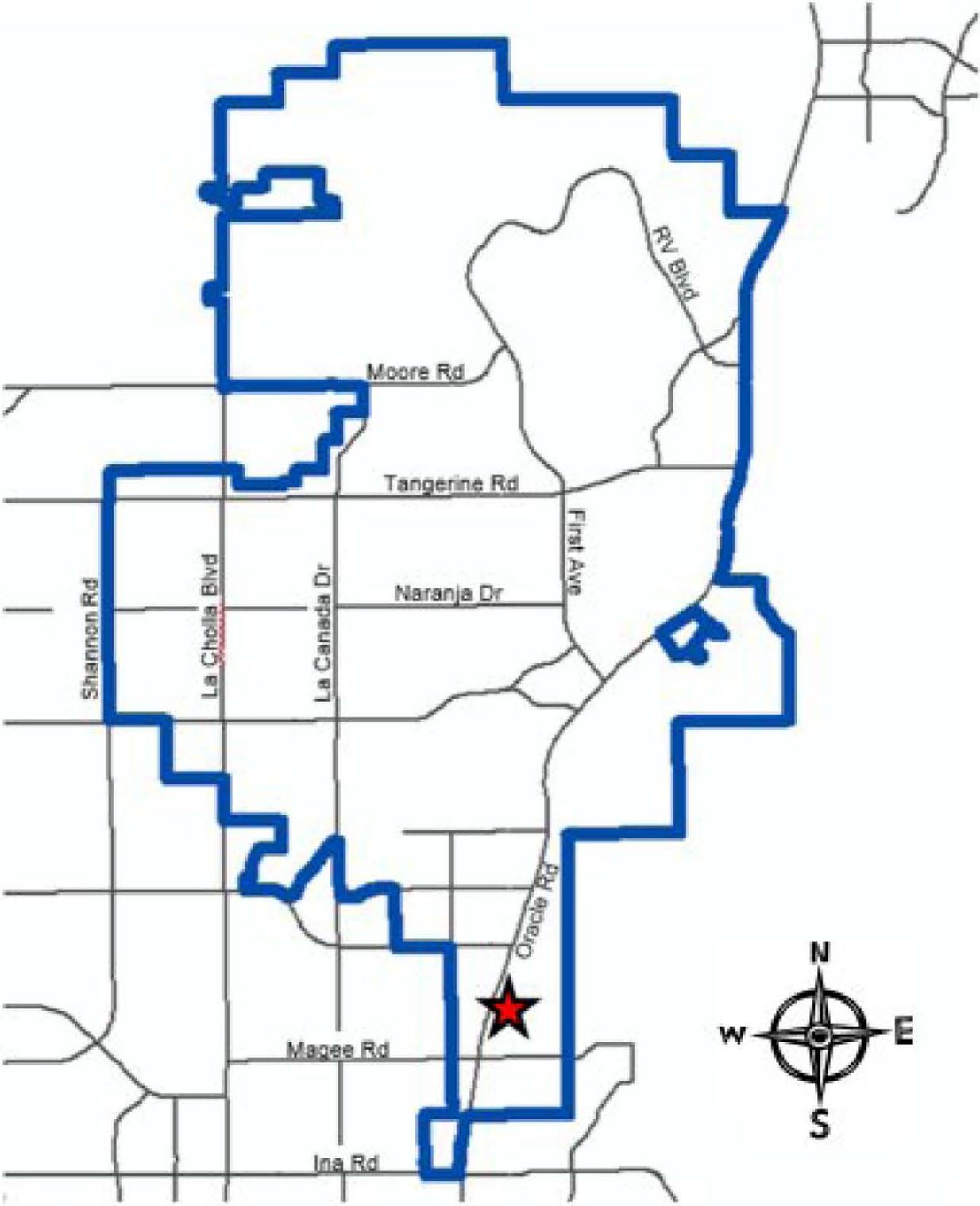




Exhibit 3: Zoning Map

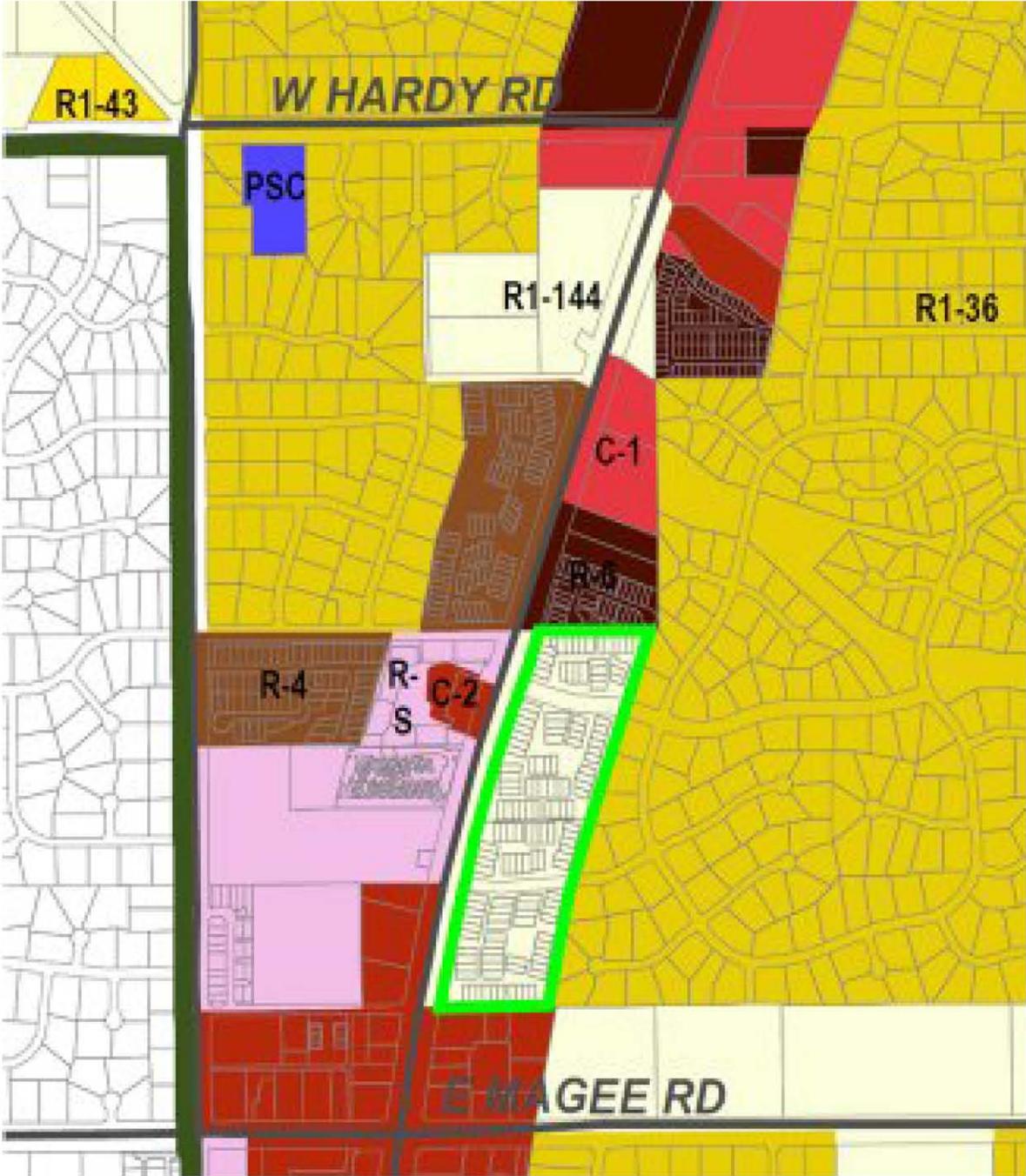
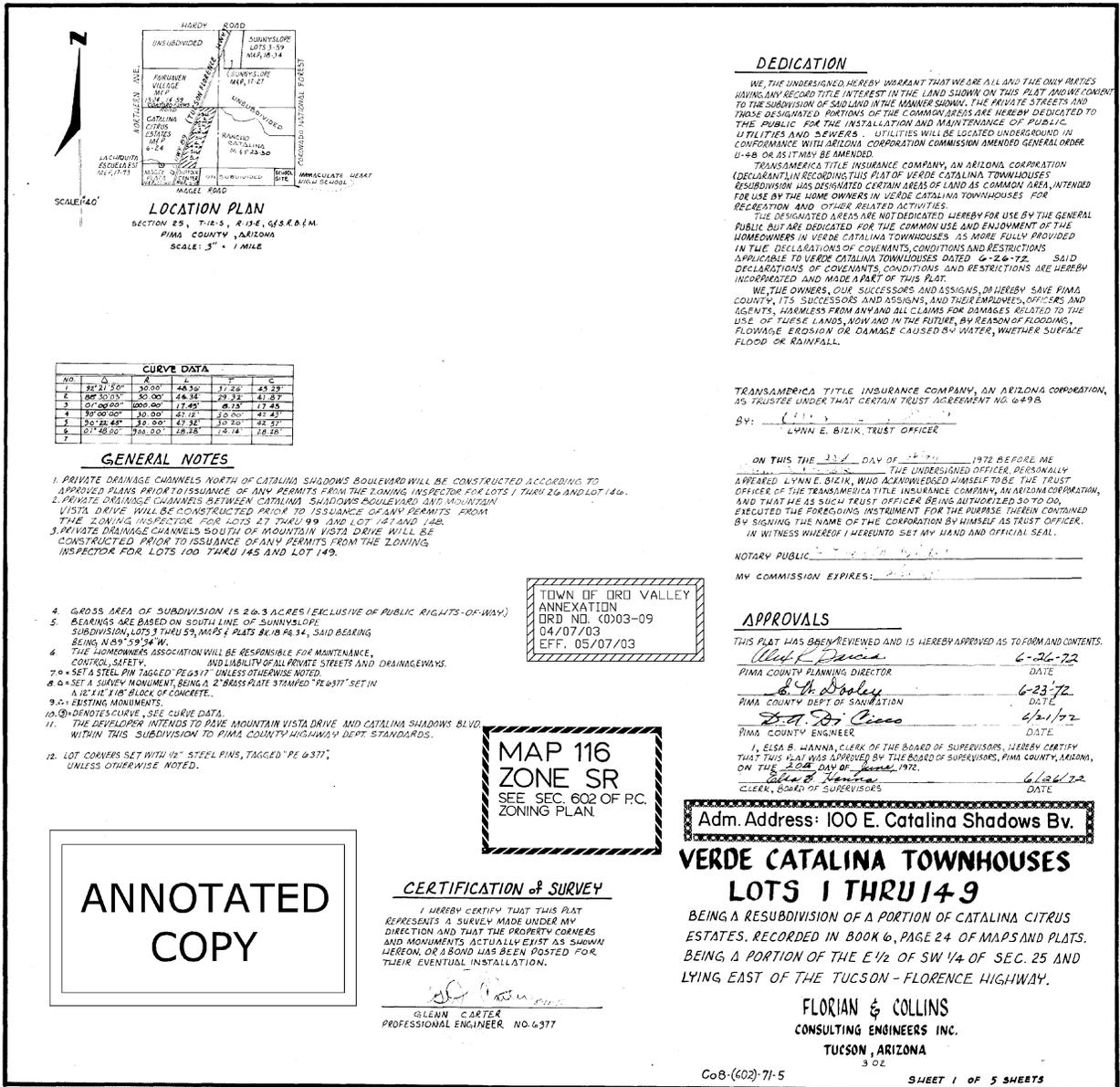


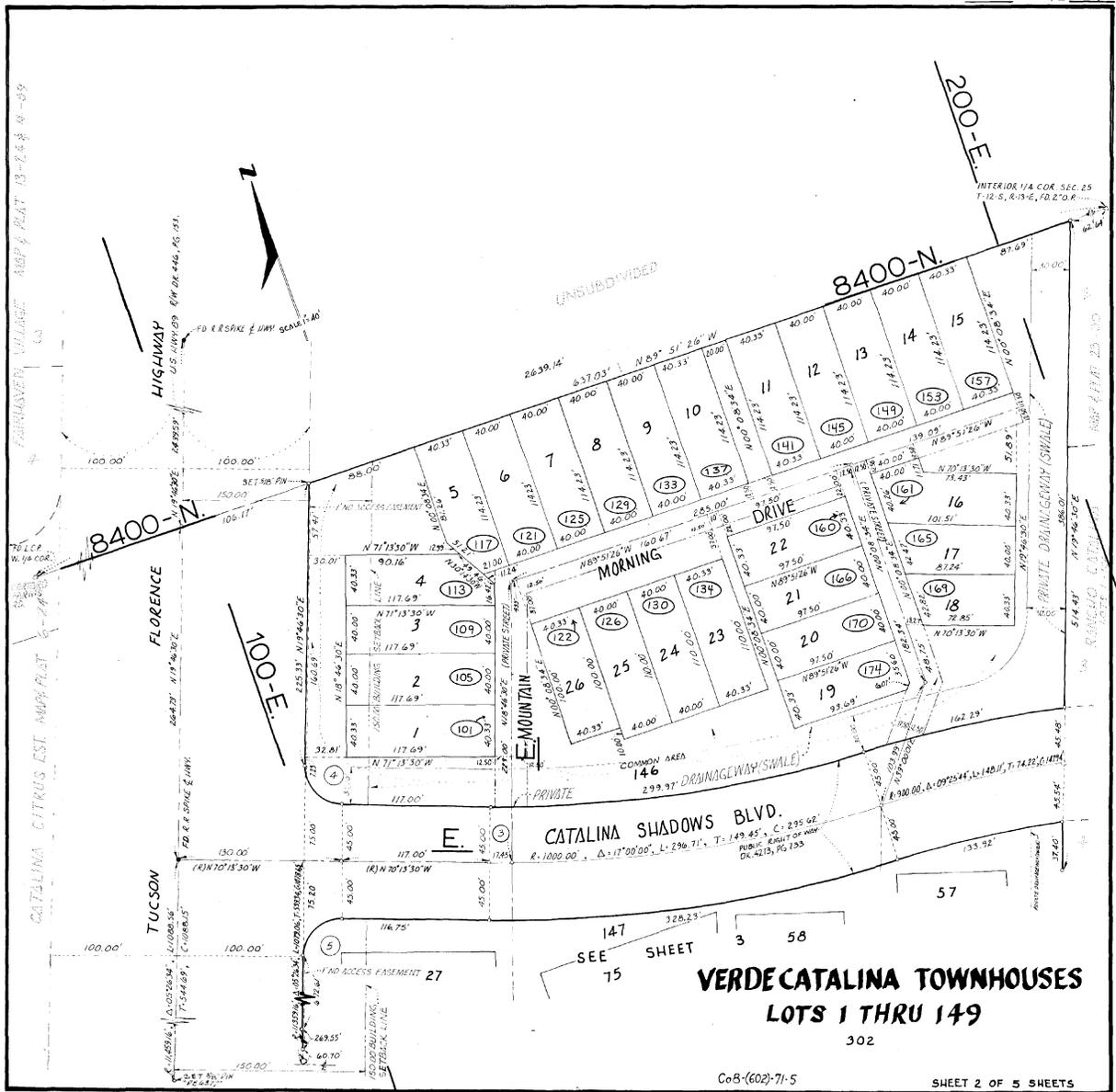
Exhibit 4: Subdivision Plat



MAP 116

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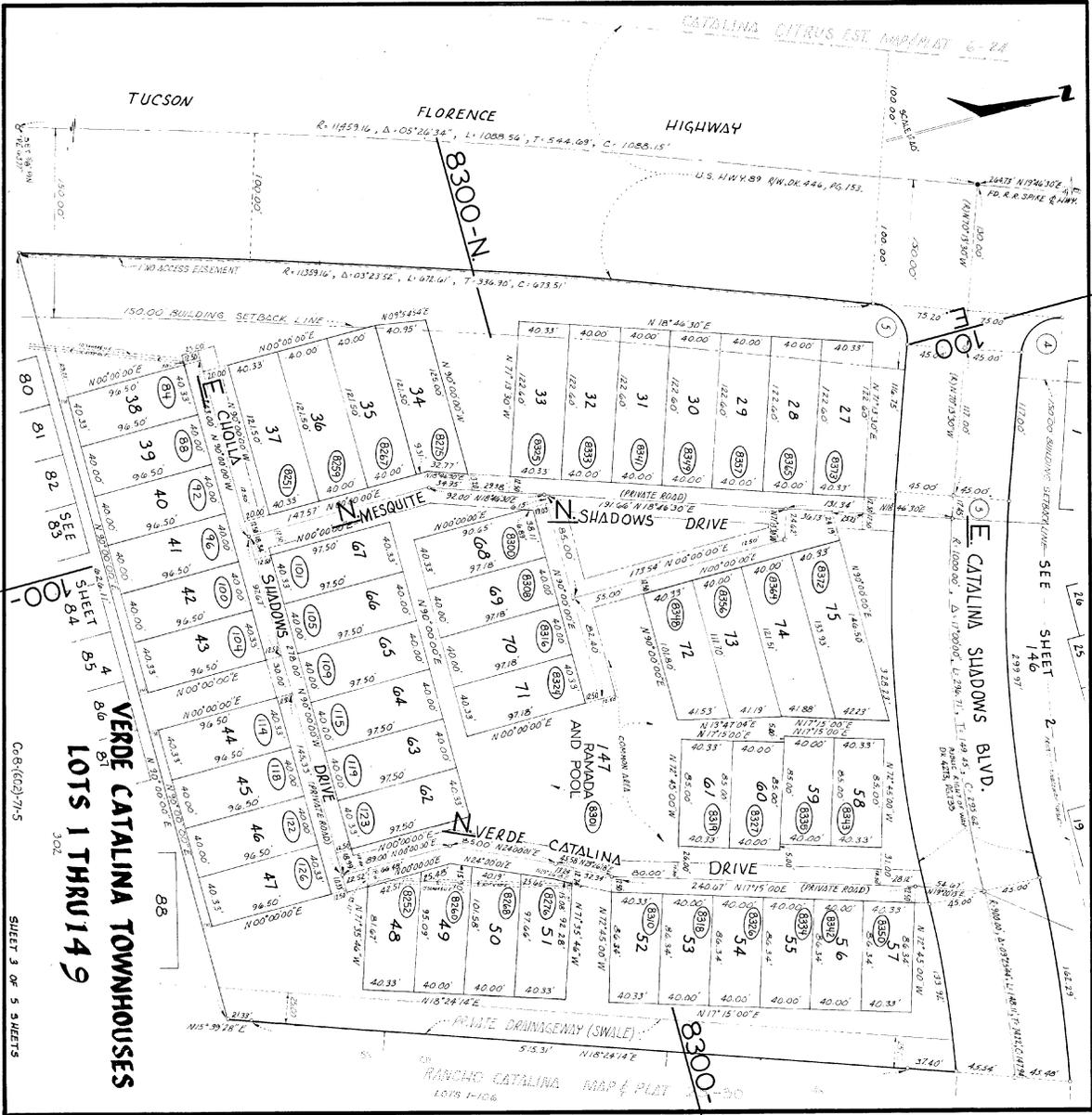


**VERDE CATALINA TOWNHOUSES**  
**LOTS 1 THRU 149**  
 302

CoB-(602)-71-5

SHEET 2 OF 5 SHEETS

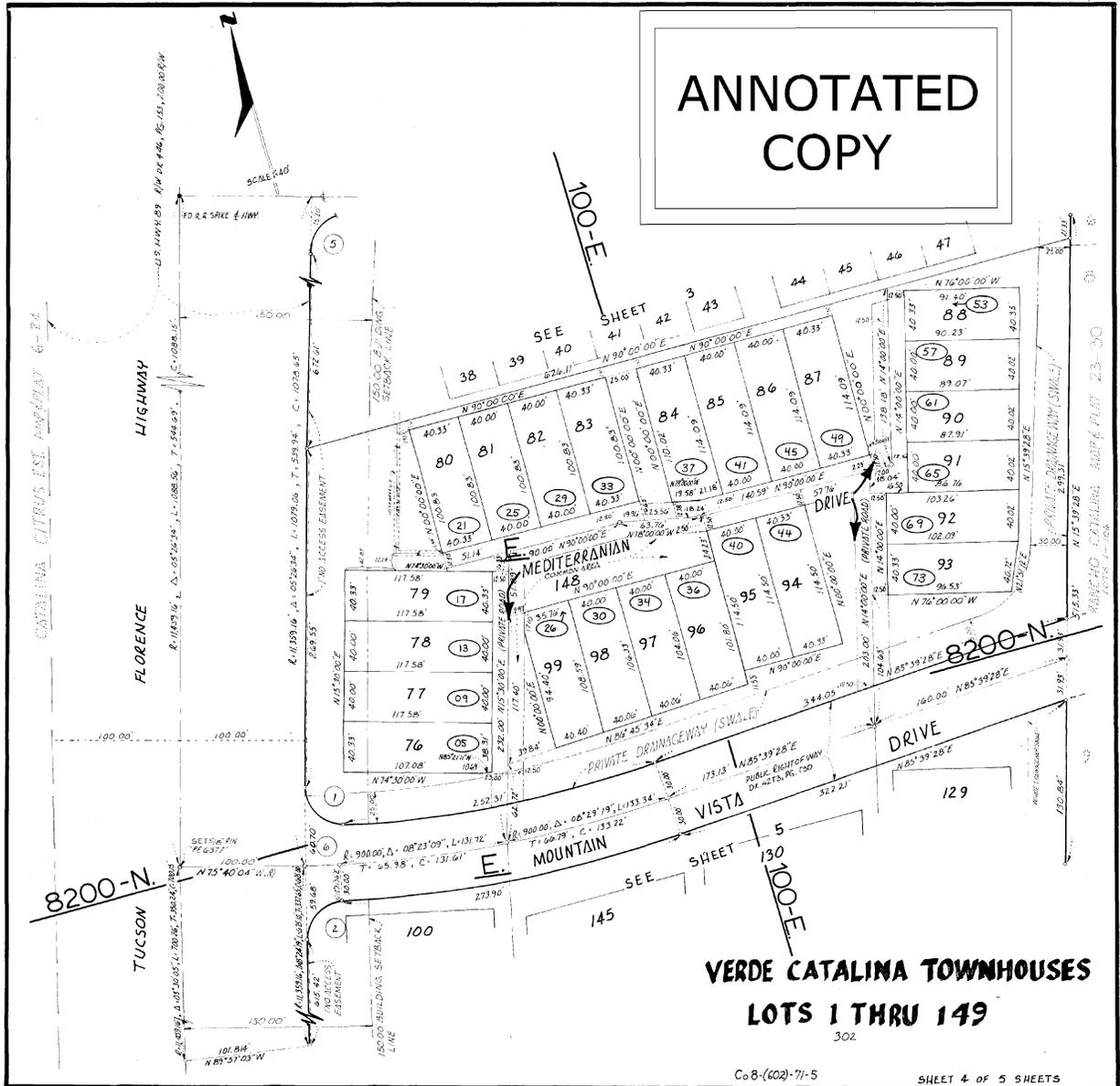
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VERDE CATALINA TOWNHOUSES  
LOTS 1 THRU 149

CG-6-(60)-71-5 SHEET 3 OF 5 SHEETS

# ANNOTATED COPY



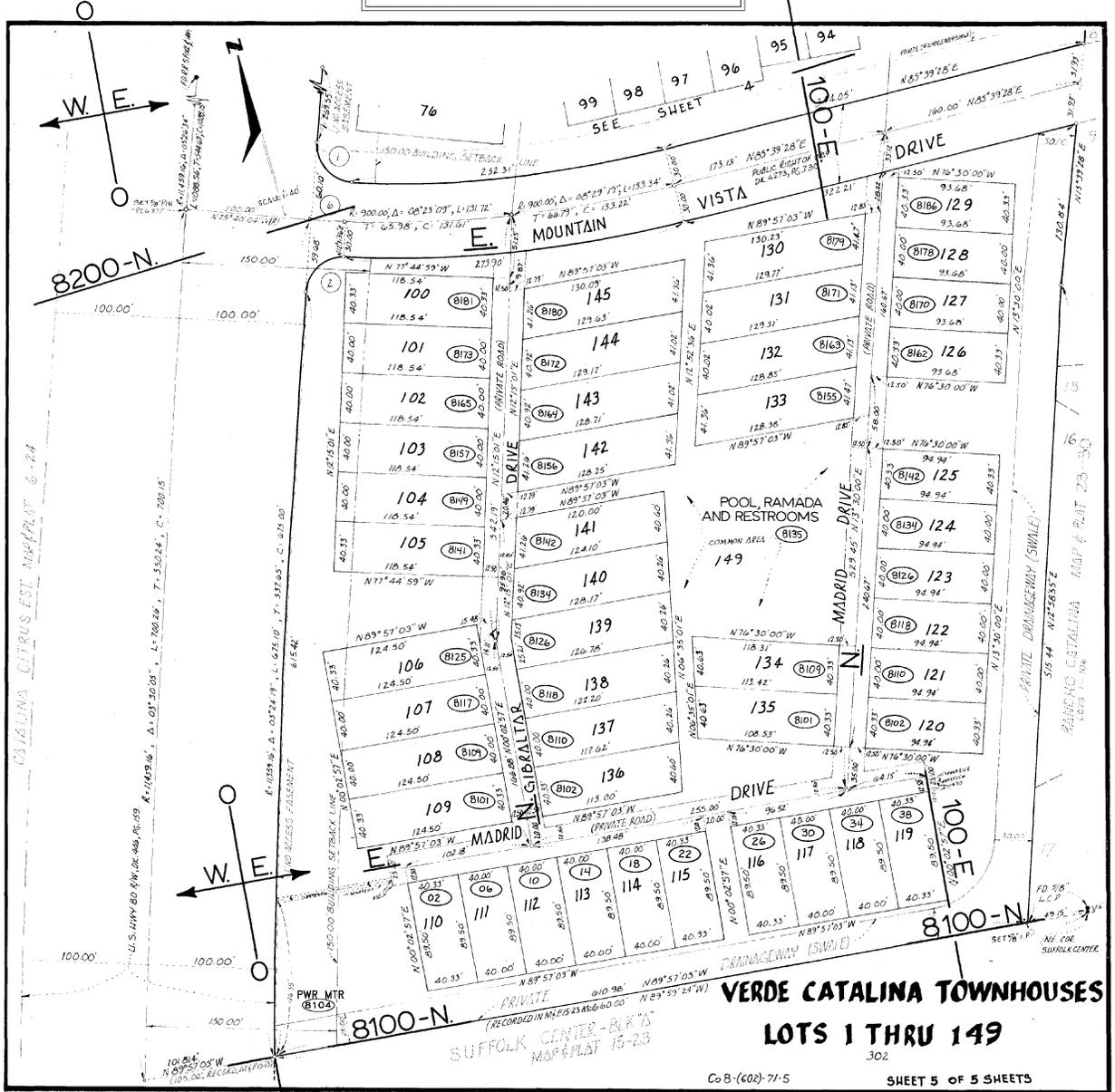
## VERDE CATALINA TOWNHOUSES LOTS 1 THRU 149

302

Co 8-(602)-71-5

SHEET 4 OF 5 SHEETS

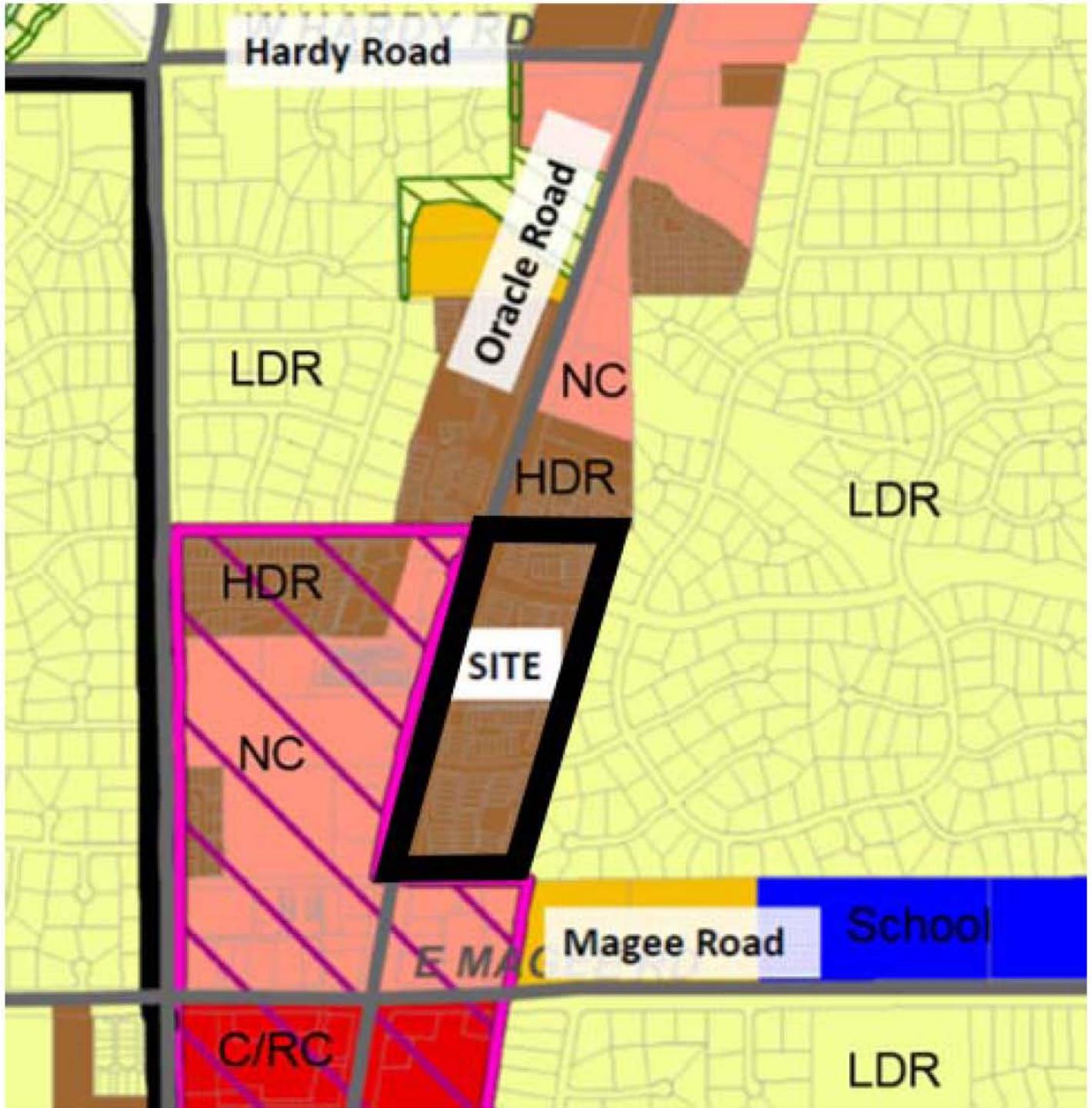
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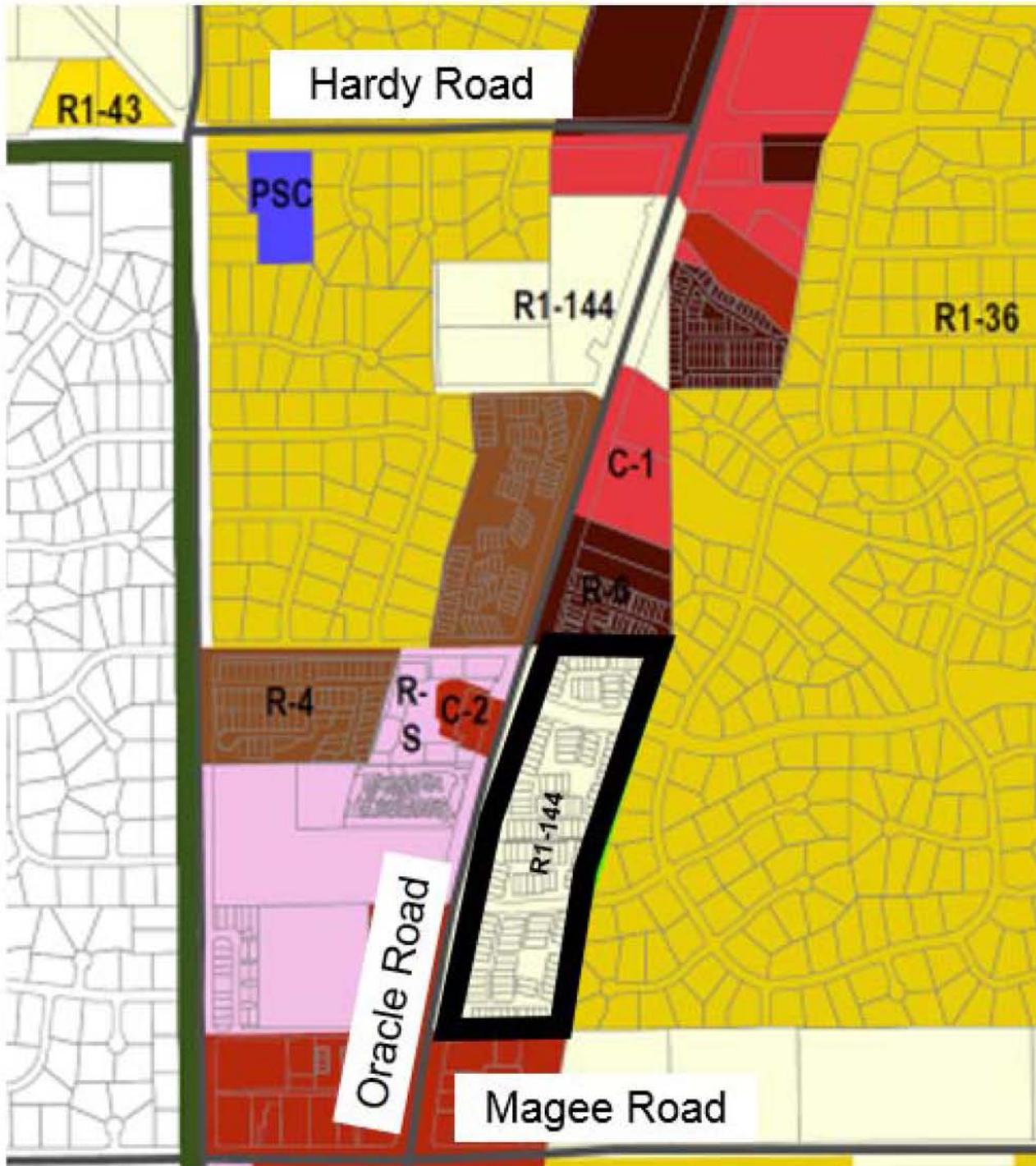
# LOCATION MAP

VERDE CATALINA (OV914-005)



**GENERAL PLAN MAP**  
 VERDE CATALINA (OV914-005)





# ZONING MAP

VERDE CATALINA (OV914-005)



*Town of Oro Valley  
Development and Infrastructure Services*

## **Verde Catalina Planned Area Development (PAD)**

### **Section 24.4. G General Plan Criteria Analysis**

#### **Attachment 5**

**Staff Comment:** The Verde Catalina Townhomes is an existing development built in 1972, prior to the establishment of the applicable policies. As such, many of the below criteria are not applicable to an existing development which was built prior to the General Plan.

#### **G. General Plan Criteria**

The following criteria are derived from the adopted Oro Valley General Plan. All PAD applications shall be evaluated utilizing these criteria. In order to approve a PAD, the Town Council must find eighty percent (80%) of the applicable criteria are adequately addressed in the PAD plan and text documents. All absolute criteria (shown in bold typeface) must be met by the proposed PAD.

##### **1. Land Use Element**

- a. Varied types and intensities of development have been incorporated.
- b. Site analysis information completely supports the land use proposals contained in the PAD.
- c. A mix of housing types, such as single-family attached and detached, single-family cluster homes, patio homes, townhouses and apartments, is incorporated in the PAD.
- d. The PAD promotes clustered (average density) developments to protect environmentally sensitive areas.
- e. Higher density or intensity developments abutting lower density or intensity areas include buffering and shall substantially mitigate any negative impacts.

- f. Residential neighborhoods are afforded multi-modal access to, and are in close proximity to, activity centers to minimize travel times.
- g. Activity centers provide a wide range of appropriate services.
- h. The PAD protects natural features through transfer of development densities and similar strategies.
- i. Office, technical and corporate employment facilities are scaled to the surrounding area.
- j. Campus-type employment is incorporated.
- k. Multi-family residential development, at moderate to higher unit densities, has access to arterial or collector roadways.
- l. Multi-family (apartment or condominium) developments have planned-in recreational facilities and other amenities.
- m. Recreational facilities and appropriate links to open space amenities are provided.

## **2. Transportation Element**

- a. The Oracle Road Corridor is de-emphasized for high intensity development.
- b. Bike lanes are included in all planned arterial improvements and on collectors deemed appropriate in the development review process.
- c. Homeowners associations are required to maintain pedestrian-bicycle paths, within approved master-planned communities.
- d. Bicycle parking facilities are provided.
- e. Safe pedestrian/bicycle access to schools and parks is provided within the boundaries of the PAD.
- f. Curvilinear residential streets patterns are incorporated.
- g. Sidewalks or related pedestrian facilities are incorporated within neighborhoods.
- h. All new roadway and future pedestrian-bicycle improvements meet public design standards.
- i. Park-and-ride lots are incorporated with planned facilities.

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- j. Projects larger than 100 acres in size provide direct access to an arterial.

### **3. Economic Development Element**

- a. A favorable fiscal impact analysis.

### **4. Public Services and Facilities Element**

- a. School site planning has been addressed in large-scale planned communities.
- b. One elementary school site of at least ten (10) acres has been reserved within developments for every 500 elementary school level students forecasted to live within the development.
- c. Park/school combination site dedications are incorporated.

### **5. Community Design Element**

- a. Building height and bulk are moderate to low intensity, in harmony with individual site attributes.
- b. Parking lots with greater than 20 car capacity are screened from adjacent uses and public thoroughfares.

### **6. Open Space/Recreation Element**

- a. Pedestrian, equestrian and bicycle trails are designated including picnic/rest areas.
- b. Handicapped accessible facilities are provided to users.
- c. Recreation and open space facilities are linked to the community open space network where appropriate.
- d. Gateway treatments are incorporated at appropriate locations along the open space network.
- e. Neighborhood scale recreation (at a suggested standard of three (3) acres per 1000 population) and appropriate linkages to existing and planned trail systems are provided.

### **7. Natural Resources Conservation Element**

- a. The floodplains of washes with a discharge greater than 1000 cubic feet per second (cfs) during the 100 year flood event and associated riparian habitats are preserved as natural open space except as stipulated in number 7.b.

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- b. Washes with a discharge greater than 100 cfs during the 100 year flood event and associated riparian habitats are preserved if vegetation and habitat quality are found to be unique by the Planning and Zoning Commission and Town Council.
- c. Hydrologic studies of washes greater than 100 cfs discharge during the 100 year flood event are provided which include effects on riparian habitats.
- d. Only native plant materials and approved Southern Arizona Water Resources Association plants are utilized.
- e. Only floodplain compatible uses are proposed in flood prone areas.
- f. When erosion protection is required, environmentally sensitive alternatives including geotextiles or gunite containing integral desert colors are utilized as opposed to concrete lining of water courses.
- g. Indigenous (native desert) vegetation and riparian habitats are maintained and enhanced where possible.
- h. Select native plant material, which is to be transplanted within the development or to approved sites outside the project limits.
- i. Mass grading techniques are minimized for project development.

## **8. Safety Element**

- a. Bike paths are constructed, where feasible and appropriate, to separate pedestrian and bike traffic from motorized vehicles in order to provide safe access to schools and parks.
- b. The PAD adheres to the "Suggested Policies for Fire Management in the Wildland Urban Interface," published by the National Forest Service, May 1990.

## **9. Cultural/Historic Element**

- a. A cultural resource survey has been performed where cultural/archaeological resources are determined likely to occur according to the Arizona State Museum.
- b. The PAD provides for protection of cultural resources discovered during construction.
- c. Cultural resources sites are left generally undisturbed and not identified to the public.

((O)11-01, Amended, 2/16/11.)

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11000 N. La Cañada Drive, Oro Valley, Arizona 85737  
www.orovalleyaz.gov | phone: (520) 229-4800 | fax: (520) 742-1022



*Town of Oro Valley  
Development and Infrastructure Services*

---

*Verde Catalina Townhomes Planned Area Development*

Findings Analysis

Attachment 6

**Staff Comment:** The proposed Planned Area Development pertains to an existing townhome development constructed in 1972. The project has been analyzed and conforms to the required findings of the Planned Area Development zoning district.

---

**H. Findings – Specific and Required**

As a basis of approval or conditional approval for a PAD District, the Planning and Zoning Commission and Town Council shall make the following required findings. Any or all of the specific findings are optional and shall be applied on a case-by-case basis.

**1. Required Findings**

The required findings function to assure that the purposes of the PAD zoning have been accomplished through a given PAD proposal. In order to approve a PAD, the Town shall find that:

- a. The PAD development is in accordance with the adopted Oro Valley General Plan and a minimum of eighty percent (80%) of the applicable General Plan criteria, as outlined in subsection G of this section, are satisfied.
- b. The PAD demonstrates innovative design in site planning.
- c. The PAD fosters safe and efficient use of the land.
- d. The development facilitates efficient design of public services and all infrastructure.
- e. The development provides for adequate drainage and reduction of flood damage.
- f. The PAD encourages reduction in automobile trip lengths and trip consolidation as measured against development under conventional zoning.

- g. Public access to mass transit, pedestrian and bicycle circulation systems is provided and designed to assure that pedestrians can move safely and easily to properties and activities in the site and in the neighborhood.
- h. The design and arrangement of elements of the site plan (e.g., building construction, orientation, and placement; selection and placement of landscape materials, and/or use of renewable energy sources, etc.) contribute to the overall reduction of energy use by the project as measured against development under conventional zoning.
- i. The design and arrangement of elements of the site plan minimize adverse impacts to the existing natural topography, natural water courses, existing desirable vegetation, and views.
- j. The elements of the site plan display a rational relationship (e.g., buildings, circulation, open space, and landscaping) between land uses for the mutual benefit of the community and neighborhood.
- k. The PAD protects, in a manner equal or superior to existing zoning, existing neighborhoods from harmful encroachment by intrusive or disruptive development.
- l. Overall, the entire PAD represents an improvement to living, work, and recreational conditions superior to that which would be produced by development under conventional zoning districts.

## **2. Specific Findings**

In addition to required findings, the Town may wish to make supplementary specific findings relevant to individual PAD applications. Specific findings may include, but are not limited to, the following:

- a. The development is compatible with, and sensitive to, the immediate environment of the site and neighborhood relative to density, scale, bulk, and building height.
- b. Conflicts that exist between the proposed development and the surrounding land uses have been effectively mitigated in the planned area development.
- c. The project is designed so that the additional traffic generated does not have significant adverse impact on surrounding development, or the development has detailed plans to mitigate the adverse conditions.
- d. The project contains known areas of natural or geological hazard (e.g., unstable or potentially unstable slopes, flood, etc.) or soil conditions unfavorable to urban development, and special

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precautions have been taken to overcome those limitations or these areas have been set aside from development.

e. The project will conform to applicable local, State, and Federal water quality standards including, but not limited to, erosion and sedimentation, runoff control and prohibited solid wastes and hazardous substances.

f. The proposed land uses and activities will be conducted so that noise generated shall not exceed the minimum performance levels established herein. Detailed plans for the elimination of objectionable noises may be required before the issuance of a building permit.

g. All developments will be connected to the public sewer system unless otherwise stipulated in the PAD document.

h. The street and parking system provides for the smooth, safe, and convenient movement of vehicles both on and off the site.

i. Each active recreational area is suitably located and accessible to the area it is intended to serve and adequate screening is provided to ensure privacy and quiet for neighboring uses.

j. The development is adjacent to an existing or approved public park or public open space area, and provision has been made in the site plan to avoid interfering with public access to that area.

k. All signs in the project are in compliance with the provisions of Section [28.1](#).

l. Solar orientation and design concepts are incorporated in the PAD.

m. The PAD provides for safe pedestrian and bicycle access to schools and parks.

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## 1. Introductions and Welcome

Rosevelt Arellano, Project Manager, facilitated the meeting with five residents. Due to an inadvertent error in the public notice for the neighborhood meeting, Roosevelt informed the residents that a second neighborhood meeting is required and new notices will be sent out.

## 2. Staff Presentation

Rosevelt Arellano provided a presentation that included:

- Rezoning process from R1-144 to Planned Area Development
- Project history
- Review tools
- Public participation opportunities
- Next steps

## 3. Applicant Presentation

Jim Seppala of the Verde Catalina Homeowners Association provided background information and the reasons for the request.

## 4. Public Questions and Comments

- During the rezoning process, will the Town require a Variance application to allow a building setback encroachment?
  - Yes. The Town will only permit a setback encroachment with an approved Variance application or an approved rezoning from R1-144 to Planned Area Development.
- What is the application process to convert a carport into a garage?
  - The application process consists of a Building Permit application only, provided that the existing building footprint does not increase. A Variance application will be required in the event the applicant proposes a larger building footprint (i.e. setback encroachment).
- Will the homeowners association approve a carport to garage conversion?
  - The applicant responded with “yes” on a case-by-case basis.
- Are there architectural design guidelines for exterior remodels and expansions (i.e. room additions, patio expansion, carport to garage conversions, etc.)?
  - The Town’s architectural design guidelines do not apply to exterior remodels and expansions. The applicant noted that the homeowners association does not have architectural design guidelines.

## 5. Next Steps

- The next steps include:
  - 2<sup>nd</sup> neighborhood meeting on October 28<sup>th</sup>
  - Staff drafts proposed Planned Area Development
  - Verde Catalina residents review staff’s proposed draft
  - Planning and Zoning Commission Public Hearing
  - Planning and Zoning Commission Public Hearing
  - Town Council Public Hearing

Meeting dates will be posted on the Town website ([www.ovalleyaz.gov](http://www.ovalleyaz.gov)) and notices will be mailed to residents within the notification area and all individuals who signed the sign-in sheet at the meeting.

For more information, please contact Roosevelt Arellano, Planner, at (520) 229-4817 or [rarellano@ovalleyaz.gov](mailto:rarellano@ovalleyaz.gov).

## 1. Introductions and Welcome

Rosevelt Arellano, Project Manager, facilitated the meeting with nine residents.

## 2. Staff Presentation

Rosevelt provided a presentation that included:

- Rezoning process from R1-144 to Planned Area Development
- Project history
- Review tools
- Public participation opportunities
- Next steps

## 3. Applicant Presentation

Jim Seppala of the Verde Catalina Homeowners Association provided background information and the reasons for the request.

## 4. Public Questions and Comments

- Has the Town Staff received any opposition to the proposed rezoning?
  - As of November 5<sup>th</sup>, the Town has not received any objections.
- During the rezoning process, will the Town require a Variance application to allow a building setback encroachment?
  - Yes. The Town will only permit a setback encroachment with an approved Variance application or an approved rezoning from R1-144 to Planned Area Development.
- Did the Verde Catalina Homeowners Association approve the rezone application submittal?
  - The applicant responded “yes.”
- What is the zoning designation for the adjacent townhomes development to the north?
  - R-6 (Multi-family Residential)

## 5. Next Steps

- The next steps include:
  - Staff drafts proposed Planned Area Development
  - Verde Catalina residents review staff’s proposed draft
  - 1<sup>st</sup> Planning and Zoning Commission Public Hearing
  - 2<sup>nd</sup> Planning and Zoning Commission Public Hearing
  - Town Council Public Hearing

Meeting dates will be posted on the Town website ([www.ovalleyaz.gov](http://www.ovalleyaz.gov)) and notices will be mailed to residents within the notification area and all individuals who signed the sign-in sheet at the meeting.

For more information, please contact Rosevelt Arellano, Planner, at (520) 229-4817 or [rarellano@ovalleyaz.gov](mailto:rarellano@ovalleyaz.gov).

Verde Catalina No. 1 Townhouse Association

C/o Property Management Group

6720 E. Camino Principal, Suite 103  
Tucson, AZ 85715

Office: 520-721-7121

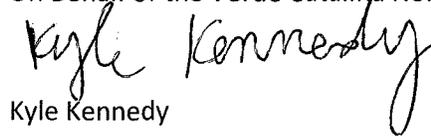
Fax: 520-721-4401

July 28, 2015

To Whom It May Concern at the Town of Oro Valley:

The Board of Directors representing the Verde Catalina I Homeowners Association understands and supports the proposed initiative to rezone our community and Verde Catalina II from R 1-144 to Planned Area Development, OV914-005.

On Behalf of the Verde Catalina No. 1 Board of Directors,

A handwritten signature in black ink that reads "Kyle Kennedy". The signature is written in a cursive style with a large, looped "K" and "y".

Kyle Kennedy

President, Verde Catalina I Homeowners Association

*Verde Catalina No. 2 Townhouse Association*

c/o Cadden Community Management  
1870 W Prince Rd., Suite 47  
Tucson, AZ 85705  
Office: 520-297-0797 Fax: 520-742-2618

July 15, 2015

To Whom It May Concern:

The Board of Directors representing the Verde Catalina II Homeowners Association understands and supports the proposed initiative to rezone our community and Verde Catalina I from R 1-144 to Planned Area Development, OV914-005.

On Behalf of the Verde Catalina No. 2 Board of Directors,

  
Phil Ivory  
President, Verde Catalina II Homeowners Association

**Arellano, Rosevelt**

---

**From:** William Adler <stfatha@gmail.com>  
**Sent:** Wednesday, October 28, 2015 1:50 AM  
**To:** Arellano, Rosevelt; Vella, Bayer  
**Subject:** Catalina re zoning from R1-144 to PAD

I think this is an opportunity to convert this property to what was initially intended. Because of the number of variance requests over the years to enable home owners to make sense of such small lot availability with standard living requirements we ought not to leave it largely in place. Looking back as far as I can with what information I have it seems to me that the Town had in mind more rural lots, some horse properties. I feel this area as developed is a blight on an otherwise attractive living area, and we intend to keep that blight aspect in place by allowing an even more crowded, unattractive community without recreational space, inadequate parking arrangements or personal privacy. There certainly is no attempt at transitions between properties to allow for personal avocations or family use.

Bill

Perhaps this note could be made part of the P&Z packet

--

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Please make note of my new email address: [stfatha@gmail.com](mailto:stfatha@gmail.com)



## Planned Area Development Rezoning Planning and Zoning Commission Staff Report

**CASE NUMBER:** OV914-005 Verde Catalina  
**MEETING DATE:** December 1, 2015  
**AGENDA ITEM:** 2  
**STAFF CONTACT:** Rosevelt Arellano, Senior Planner  
[arellano@orovalleyaz.gov](mailto:arellano@orovalleyaz.gov) (520) 229-4817

**Applicant:** Verde Catalina Townhomes Homeowners Association  
**Request:** Rezoning from R1-144 to Planned Area Development (PAD)  
**Location:** Northeast and Southeast corners of Mountain Vista Drive and Oracle Road  
**Recommendation:** Approve requested Rezoning from R1-144 to Planned Area Development (PAD)

### SUMMARY:

The purpose of this application is to create zoning standards that reflect the existing conditions within a 43 year old townhome development. Due to the zoning issues related to building expansions, the Verde Catalina Townhomes Homeowners Association proposes to rezone a 26.3 acre subdivision from R1-144 to Planned Area Development, located on the northeast and southeast corners of Mountain Vista Drive and Oracle Road.

The Planning and Zoning Commission held the first of two required public hearings on October 5, 2015. The draft minutes from the October 5<sup>th</sup> Planning and Zoning Commission meeting are provided as Attachment 1. No action was taken at that hearing. The discussion at the meeting focused on:

- Development standards of the R-4 zoning and the proposed Planned Area Development
- Permitted building expansions
- History of the development

This agenda item is for discussion and possible recommendation to Town Council.

### BACKGROUND:

The Verde Catalina townhome subdivision was built under Pima County's jurisdiction in 1972. The property was subsequently annexed into Oro Valley and the zoning translated to R1-144 (3.3 acre lots). This R1-144 translational zoning reflected the Pima County Suburban Ranch (SR) zoning which existed in the County upon annexation, but did not reflect the existing townhome development on the property, which consists of less than 4,000 square foot townhome lots.

To resolve the conflict between the large lot R1-144 zoning and the small lot townhome use of the property, staff has been working with the Verde Catalina townhomes homeowners association to develop standards for the existing project which reflect the small lots on of the property. These standards have been reviewed by the homeowners association and presented to the residents at several meetings.

The proposed rezoning would use the Planned Area Development (PAD) zoning district with tailored development standards for townhome development. The proposed rezoning would not allow 1) new uses 2) expanded boundaries 3) taller buildings and 4) additional lots. The proposed PAD would only allow additions and remodels to the existing townhomes. The homeowners association has requested and endorses the proposed PAD standards.

The Location Map is provided as Attachment 2. The proposed Planned Area Development (PAD) standards are provided as Attachment 3.

**APPROVALS TO DATE:**

- 1972 Verde Catalina Townhomes plat recorded and subdivision constructed
- 2003 Property annexed into Oro Valley
- 2003 Translational zoning from Pima County SR to Oro Valley R1-144
- 2011, 2013 and 2015 Variances granted for awning / building additions

Land Use Context

The existing 149 units were built under Pima County's jurisdiction in 1972. The zoning and surrounding land uses are provided below and depicted on the General Plan (Attachment 4) and the Zoning Map (Attachment 5):

	<b>EXISTING LAND USE</b>	<b>GENERAL PLAN (Attachment 4)</b>	<b>ZONING (Attachment 5)</b>
<b>SUBJECT PROPERTY</b>	Townhome Development	High Density Residential (5+ homes per acre)	Single-Family Residential R1-144
<b>NORTH</b>	Townhome Development	High Density Residential (5+ homes per acre)	Multi-family Residential R-6
<b>SOUTH</b>	Retail and Office	Neighborhood Commercial Office	Commercial C-2
<b>EAST</b>	Single-family Residential	Low Density Residential (0.4 – 1.2 homes per acre)	Single-Family Residential R1-36
<b>WEST</b>	Retail, Office and Apartments	Neighborhood Commercial Office – High Density Residential	Residential Service R-S and Commercial C-2

**DISCUSSION / ANALYSIS:**

Prior to annexation in 2003, the property was zoned Suburban Ranch (SR) under Pima County's jurisdiction. State law requires that the Town change or "translate" the zoning on the annexed property from its original zoning designation to the closest comparable Oro

Valley zoning designation. The translational zoning cannot permit greater densities or intensities than existed under County jurisdiction. Although the property contained an existing townhome development with less than 4,000 square foot lots, the Town translated the zoning to R1-144 (3.3 acres lots), to meet the requirements of State law.

At the time of annexation it was noted in the staff report that a subsequent rezoning would be required to better match zoning standards to the existing development. The subsequent zoning case was never processed and the property has remained zoned R1-144. This has resulted in a number of variance cases being supported and approved over the past several years to allow for small building additions which do not conform to the larger setback requirements of the R1-144 zoning.

To resolve the discrepancy in the zoning versus land use, the planning staff has been working with the homeowners association to develop zoning standards to reflect the existing site conditions (e.g., smaller lot sizes and building setbacks) and allow typical room additions (e.g., porches, carports, awnings, etc.). The attached PAD reflects the proposed standards for development, which were patterned after the Town's R-4 (Townhome Residential) zoning district.

#### Planned Area Development Policy & Finding Analysis

Section 24.4 of the Zoning Code provides the requirements for new PADs, including General Plan conformance and specific criteria required for PAD approval. The following is a discussion of the proposed underlying zoning district and proposed modifications.

#### **I. UNDERLYING ZONING DISTRICT**

According to the Zoning Code, all PADs shall include underlying zoning designations. The underlying, or base, zoning districts are to be derived from existing Oro Valley zones and reflect the most logical designation in consideration of the proposed land use for a particular parcel. Further, "The development standards of the underlying zoning districts will prevail where the PAD does not specifically modify said standards."

The PAD proposes a single zoning district based on a modified R-4 (Townhouse Residential) zone. Following is the purpose of the zoning district:

- The R-4 district is intended to provide for relatively low-density development having individual ownership and built-in privacy, either in the form of party wall construction or enclosed courtyards.

The PAD proposes to include all those uses permitted in the R-4 zoning district. These uses are consistent with a residential townhome development.

#### **II. MODIFICATIONS TO DEVELOPMENT**

According to the Zoning Code, "Modifications to the development standards of the underlying district may be permitted if they are found to offer a desirable improvement over the conditions produced by conventional zoning standards.

The proposed PAD was patterned using the Town's Townhome Residential R-4 as a base zoning. Modifications were made to reflect the existing conditions by providing the following development standards:

Lot Size	Front	Side	Rear	Between Buildings	Building Height	Coverage	Perimeter R1 District	Perimeter (all others)
3,400 sq. ft.	0	0	0	10 feet	18 feet	See Notes *	25 feet	10 feet

\*Expansions into front yard may be permitted by Planning and Zoning Administrator

\*Each Lot must maintain 250 square feet of uncovered living space in the rear yard

The proposed perimeter and building setbacks are generally consistent with the R-4 zoning standards, with several modifications to address specific issues related to site coverage.

### **III. GENERAL PLAN ANALYSIS**

The subject property is designated High Density Residential (5+ homes per acre) on the General Plan Future Land Use Map. The proposed rezoning to Planned Area Development is consistent with this land use designation.

The proposed rezoning is subject to the PAD criteria outlined in the General Plan. These criteria along with staff comment are provided on Attachment 6. In summary, as the development is an existing project built under County jurisdiction prior to adoption of the General Plan, many of the criteria are not applicable to a new PAD which are intended for an existing development.

### **IV. ZONING ANALYSIS**

The proposed PAD is subject to the specific findings outlined Section 24.4.H of the Oro Valley Zoning Code. The staff analysis of these findings is provided on Attachment 7. In summary, Zoning Code provides that the specific findings are optional and shall be applied on a case-by-case basis.

The proposed PAD pertains to an existing townhome development constructed in 1972. Based on the timing of development, the PAD is general conformance with all of the applicable specific findings.

### **PUBLIC PARTICIPATION:**

#### Neighborhood Meetings

Two formal neighborhood meetings were held on October 8, 2014 and October 28, 2014 with 5 residents and 9 residents attending respectfully. Discussion topics focused on the purpose of the PAD rezoning and possible additions which could be made to the existing units as a result. The summary notes from the neighborhood meeting are provided as Attachment 8. Staff also was in attendance at several homeowners association meeting where the proposal was explained to residents within this community. Staff has worked extensively with the Verde Catalina Homeowners Association, who has provided a letter of support (Attachment 9). To date, staff has received one letter of concern (Attachment 10).

**SUMMARY / CONCLUSION**

The proposed rezoning to Planned Area Development (PAD) will provide zoning standards which reflect the existing site conditions. The PAD will resolve a long standing issue related to inconsistent zoning standards on the property. A number of variances have been supported and approved in recent years, illuminating the need for the rezoning to resolve the discrepancy and allow for future additions to these units consistent with typical townhome development standards.

**RECOMMENDATION:**

As the proposed Planned Area Development meets the required findings of Section 24.4.H, is consistent with the General Plan land use map and will provide standards which reflect existing development patterns, it is recommended that the Planning and Zoning Commission recommend approval of the requested rezoning from R1-144 to Verde Catalina Townhomes Planned Area Development (PAD).

**SUGGESTED MOTIONS:**

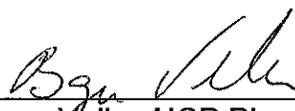
I move to recommend approval of a rezoning from R1-144 to Verde Catalina Townhomes Planned Area Development (PAD), based on the findings that it is consistent with Section 24.4.H, the land use map of the General Plan and will provide standards which reflect existing development patterns

OR

I move to recommend denial of the Verde Catalina Townhomes Planned Area Development, as the request does not meet \_\_\_\_\_.

**ATTACHMENTS:**

1. PZC Draft Minutes
2. Location Map
3. Verde Catalina Planned Area Development
4. General Plan Land Use Map
5. Zoning Map
6. Planned Area Development Criteria Analysis
7. Planned Area Development Findings Analysis
8. Neighborhood Meeting Summary Notes
9. Letter from Homeowners Association
10. Letter of Concern

  
\_\_\_\_\_  
Bayer Vella, AICP Planning Division Manager

**MINUTES  
ORO VALLEY PLANNING AND ZONING COMMISSION  
SPECIAL SESSION  
November 5, 2015  
ORO VALLEY COUNCIL CHAMBERS  
11000 N. LA CAÑADA DRIVE**

**REGULAR SESSION AT OR AFTER 6:00 PM**

**CALL TO ORDER**

Chairman Rodman called the November 5, 2015 Regular Session of the Oro Valley Planning and Zoning Commission meeting to order at 6:00 PM.

**ROLL CALL**

**PRESENT:** Bill Rodman, Chairman  
Melanie Barrett, Commissioner  
Tom Drzazgowski, Commissioner  
Greg Hitt, Commissioner  
Charlie Hurt, Commissioner

**ABSENT:** Frank Pitts, Commissioner

**EXCUSED:** Bill Leedy, Vice-Chairman

**PLEDGE OF ALLEGIANCE**

Chairman Rodman 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**

No Council Liaison present

**REGULAR SESSION AGENDA**

- 1. REVIEW AND/OR APPROVAL OF THE OCTOBER 6, 2015 REGULAR SESSION MEETING MINUTES**

**MOTION:** A motion was made by Commissioner Hurt and seconded by Commissioner Barrett to approve the October 6, 2015 Regular Session Meeting Minutes.

**MOTION** carried, 4-0. with Greg Hitt, Commissioner abstaining.

**2. PUBLIC HEARING: REVIEW AND RECOMMENDATION OF A PROPOSED VERDE CATALINA TOWNHOMES PLANNED AREA DEVELOPMENT (PAD) ZONING DESIGNATION, LOCATED ON THE EAST SIDE OF ORACLE ROAD, APPROXIMATELY 600' NORTH OF MAGEE ROAD, OV914-005**

Rosevelt Arellano, Senior Planner, provided a presentation that included the following:

- Purpose
- Site Plan
- Large Lot Zoning Versus Townhome Zoning
- Timeline
- Typical Setback Issues
- PAD Development Standards
- General Plan Conformance
- Public Participation
- Summary

Chairman Rodman opened the public hearing.

Lynn Romero, Oro Valley resident, commented that her property is adjacent to Verde Catalina Town Homes. If the Verde Catalina Town Homes are allowed a 30 foot extension it will encroach her property. Ms. Romero stated she would need a variance for a storage unit on her property. She is opposed if the Zoning would allow an expansion abutting her property.

Mr. Arellano responded that the zoning would not permit expansions beyond the current property boundaries.

Chairman Rodman closed the public hearing.

Jim Seppala, Verde Catalina Townhomes Rezoning Chairman, representing the applicant, commented that the Verde Catalina townhomes were built under Pima County and later annexed into Oro Valley. Oro Valley zoning does not reflect the existing townhome development on the property, which consists of less than 4,000 square foot townhome lots. Some of the residents of Verde Catalina Townhomes have asked for a variance and received them. The residents as well as Mr. Seppala is asking the Commission for approval.

Commissioner Barrett asked Mr. Seppala if the proposed Planned Area Development, allows residents the control that is needed to prevent the variances.

Mr. Seppala responded that it would.

As this was the first of two public hearings on this item, no action was taken by the Commission.

**PLANNING UPDATE (INFORMATIONAL ONLY)**

Chad Daines, Principal Planner, presented the following:

- Your Voice, Our Future 90% Draft was approved by Town Council
- Fry's Conditional Use Permit approved by Town Council
- Upcoming Town Council meetings
- Upcoming Planning Zoning Commission meetings

**ADJOURNMENT**

**MOTION:** A motion was made by Commissioner Drazazgowski and seconded by Commissioner Hitt to adjourn the Planning and Zoning Commission meeting at 6:27 PM.

**MOTION** carried, 5-0.

**MINUTES  
ORO VALLEY PLANNING AND ZONING COMMISSION  
REGULAR SESSION  
December 1, 2015  
ORO VALLEY COUNCIL CHAMBERS  
11000 N. LA CAÑADA DRIVE**

**REGULAR SESSION AT OR AFTER 6:00 PM**

**CALL TO ORDER**

Chairman Rodman called the December 1, 2015, Regular Session of the Planning and Zoning Commission meeting to order at 6:00 PM.

**ROLL CALL**

**PRESENT:**

Bill Rodman, Chairman  
Melanie Barrett, Commissioner  
Greg Hitt, Commissioner  
Tom Drazazgowski, Commissioner  
Charlie Hurt, Commissioner  
Bill Leedy, Vice-Chairman

**ABSENT:**

Frank Pitts, Commissioner

**ALSO PRESENT:**

Joe Hornat, Council Member  
Lou Waters, Vice-Mayor  
Joe Andrews, Chief Civil Deputy Attorney

**PLEDGE OF ALLEGIANCE**

Chairman Rodman led the Planning and Zoning Commission members and audience in the Pledge of Allegiance.

**CALL TO AUDIENCE**

Bill Adler, Oro Valley resident, stated he believes strongly that the Town of Oro Valley should rely on planning principals rather than personal judgment. Communications that are written from staff of the Development and Infrastructure Services to the Commission are filled with ambiguities, statements and politics rather than planning principals. Most of the significant issues having to do with planning and the Town of Oro Valley have been initiated by residents. He expects more from the Planning Commission, Conceptual Design Review Board, staff and people we elect to represent the community. These people should be held to a higher standard. This involves relying on what's been adopted, what's required by code and what's been ratified by the

citizens of Oro Valley. So many decisions are made based on feelings and quite frankly he doesn't care how you feel. He cares about compliance and what makes sense in the community. The trust in government is at the lowest level he has ever seen and he doesn't know if it's repairable.

## **COUNCIL LIAISON COMMENTS**

Council Member Hornat, provided the following updates:

- Thank you to Commissioner Pitts and Chairman Rodman for their service on the Planning Commission
- Two candidates have been selected to serve on the Planning and Zoning Commission
- Town Council, November 4th meeting
  - Approval of the Your Voice, Our Future 90% draft
  - Approval of Nakoma Sky, with the conditions that the architecture needing work before Conceptual Design Review Board
  - Approval of the Fry's Fuel Station as recommended by the Commission
- Town Council, November 18th
  - Approval of changes to Senior Care Definitions, Uses and Zoning Districts as recommended by the Commission
  - Not Approved was the request to reconsider Nakmona Sky
  - Not Approved was the request to consider a property purchase on Magee and Oracle
  - Lengthy discussion on the personnel actions taken by Town Council regarding Council Member Zinkin
  - Certification of the November 3rd Election Results by the Town Clerk with no changes

## **REGULAR SESSION AGENDA**

### **1. REVIEW AND/OR APPROVAL OF THE OCTOBER 20, 2015 SPECIAL SESSION MEETING MINUTES**

Commissioner Hitt requested a correction to his name on the page 1.

**MOTION:** A motion was made by Vice-Chairman Leedy and seconded by Commissioner Hitt to approve of the October 20, 2015 Special Session meeting minutes as amended.

**MOTION** carried, 6-0.

**2. PUBLIC HEARING: DISCUSSION AND POSSIBLE ACTION ON THE VERDE CATALINA TOWNHOMES PLANNED AREA DEVELOPMENT (PAD), LOCATED ON THE EAST SIDE OF ORACLE ROAD, APPROXIMATELY 600' NORTH OF MAGEE ROAD, OV914-005**

Rosevelt Arellano, provided a presentation that included the following:

- Purpose
- Site Plan
- Large Lot Zoning Versus Town Home Zoning
- Timeline
- PAD Development Standards
- General Plan Conformance
- Public Participation
- Planning and Zoning Commission
- Summary

Chairman Rodman opened the public hearing.

Bill Adler, Oro Valley resident, stated that there have been a number of variances before the Board of Adjustment in this community. The intention was to have this property develop similar to the property immediately to the east. He believes this property should be rezoned with what the Town intends to do in the future. At some point in time the Town of Oro Valley is going to deal with redevelopment. There will be no more property available for development and we will have to deal with trying to select property to be redeveloped. This property would be a good candidate for redevelopment, it is a blight on the community and has demonstrated this through the variances requested.

Chairman Rodman closed the public hearing.

**MOTION:** A motion was made by Vice-Chairman Leedy and seconded by Commissioner Hitt to recommend approval of a rezoning from R1-144 to Verde Catalina Townhomes Planned Area Development (PAD), based on the findings that it is consistent with Section 24.4.H, the land use map of the General Plan and will provide standards which reflect existing development patterns.

**MOTION** carried, 6-0.

**3. PUBLIC HEARING: DISCUSSION AND POSSIBLE ACTION ON A ZONING CODE AMENDMENT TO SECTION 22.15 PUBLIC PARTICIPATION AND OTHER RELEVANT SECTIONS OF THE ZONING CODE. THE ZONING CODE AMENDMENT PROVIDES CLARIFICATION ON THE NUMBER AND**

**SEQUENCING OF NEIGHBORHOOD MEETINGS, ADDS A TIMING REQUIREMENT FOR MAILED NOTICE TO ADJOINING PROPERTY OWNERS AND OTHER CHANGES TO ALIGN THE ZONING CODE WITH PROCEDURES FOR CONDUCTING NEIGHBORHOOD MEETINGS, OV1501056**

Chad Daines, Principal Planner, provided a presentation that included the following:

- Purpose
- Objectives of a Neighborhood Meeting Code
- Background
- Summary of Current Requirements
- Experience: Hierarchy of Audience Needs
- Case Example - Cell Tower
- Case Example - Major General Plan Amendment
- Current and Proposed Changes
- Benefits of Amendments
- Summary of Study Session Discussion
- Enhanced Public Notice
- Sign Posting - Current and Proposed
- Notification Radius
- Enhanced information and education
- Small group meetings
- Facilitation training
- Summary and Recommendation

Vice-Chair Leedy questioned whether the Town or staff at any time take a position of advocacy on how best to overcome public opposition when meeting with applicants and/or developers or/and does staff at any time take a position of advocacy with members of the community.

Mr. Daines responded that staff strives to remain neutral in neighborhood meetings. The goal in conducting neighborhood meetings is to ensure fair and open dialogue.

Commissioner Hurt questioned whether the Town or staff suggest facilitators when there is an impasse or is the facilitation done by staff.

Bayer Vella, Planning Manager, responded that the common practice of facilitation is provided by staff. There have been very limited examples where a professional facilitator has been brought in. If the facilitator does not have a basic understanding of planning principals, it's a very tough spot to be in.

Commissioner Hurt stated that although staff is neutral at neighborhood meetings, ultimately staff will make a recommendation on the case.

Mr. Vella responded that it's always a challenge even though staff does their best to be neutral at neighborhood meetings. Staff will ultimately make a recommendation and if that recommendation happens to be in favor of the developer, that does leave an impression with many of the neighbors that staff favors the developer. This demonstrates the fine line we walk and it's a very challenging one.

Vice-Chair Leedy voiced his concern with the misperception that staff, this Commission and Town Council is a rubber stamp for applicants in this community. Mr. Leedy believes that perception is in large part if not entirely a function of a lack of knowledge of the number of applicants or applications that come before the Town that never see the light of day with respect to a staff report, an action from this Commission or an action from Town Council. Would this be an accurate statement?

Mr. Danies responded that many times a developer will come in and have a pre-application meeting or their first neighborhood meeting. What they hear at the neighborhood meeting determines if they move forward with application. Not all applications move beyond that first neighborhood meeting.

Chairman Rodman voiced his concern with the Policy and Procedures, 4.c.4: small group meetings between the applicant and neighborhoods and/or specific groups of residents. Chairman Rodman suggested clarification that the policy applies to small group meetings arranged by the Town staff.

Chairman Rodman opened the public hearing.

Dave Perry, Oro Valley resident and President and CEO of the Oro Valley Chamber of Commerce, believes the most fundamental problem the business community has with neighborhood meetings and with the process as a whole is that it takes too long. So he hopes whatever is done has the effect of reducing the length of time it takes to get something done while fully involving the public and arriving at mutual agreed upon outcomes. We do need better public noticing for proposed zoning changes and neighborhood meetings. He liked some of what he saw here tonight with bigger signs. We need to do a better job with broader media notification of meetings and events. Mr. Perry thinks we still need to be selective at the discretion of staff about use that media when appropriate. Mr. Perry suggested using "The Vista", which arrives in our water bill every month. One of the questions before you is if the notification should be widened from the current 1,000 - 600 square foot notification requirement, he doesn't believe this should happen. He suggest a creation of a primer, something that is broadly outlined but can be modified to specific cases that describes the current proposal. Let's put the valid issues in front of the people right off the bat, because when

we get to the end the valid issues are raised. Right sizing is important, something deserve a lot of attention, detail, notification and meetings but some things don't. It's important that staff have the option of making some of those kinds of judgments. Staff does an outstanding job at balancing the applicant's interests and the interests of neighbors that often don't have any idea what is happening. Should we think about a member of staff being assigned on a case by case basis as an ombudsman? Someone who is not directly working with the developer, someone who understands the code, understands the issues and can work with those people in the public.

Bill Adler, Oro Valley resident, commented that in terms of the Standing Operating Policy (SOP), he has always felt that the content and structure of the educational meeting should be part of the ordinance. There is nothing in the staff proposal that has to do with conditional approval. The ability for the community to add conditions of approval is central and this ordinance has to make a statement in regards to this. The community has the right to understand and staff has an ethical obligation to give the community the information, if it takes longer than the allotted time, tough. Staff is either going to honor this obligation or they are not. Mr. Adler commented that what works is people being knowledgeable and trusting government.

Shirl Lamonna, Oro Valley resident, commented that she feels that everybody has property rights, not just the developers. There is absolutely no guarantees that when a developer comes in that he has to be given the authority to have his property rezoned or whatever it might be. In Oro Valley there is no such thing as being fairly balanced, the developers clearly have the upper hand on what goes on with development in this Town and it's sad that the constituents don't have better education. Ms. Lamonna encourages the neighborhood meeting process so constituents can learn about the issues. She thinks it's important that when staff speaks to the constituents that all the facts are presented to them. Another concern is Listserv not having a large number of people receiving notifications, as well as people do not automatically go to the website for information. The Town's website is not user friendly and needs some improvement. Ms. Lamonna went on to question whether the general plan signs use five inch letters as required by code.

Don Bristow, Oro Valley resident, commented that he agrees with Mr. Adler. Mr. Bristow commented that he has attended a number of these meetings and the public walks away still feeling uneducated. To expect the citizens to be as educated about the codes and regulations as the developer who hires outside professionals is a ridiculous consideration. The citizens expect to be educated by the Town but walk way being let down. Mr. Bristow's concern with the proposed zoning code amendment and staff deciding when and if the meeting format will be changed is taking away from the process from what it used to be. Mr. Bristow agrees with the previous speaker about the Town website needing improvement, it is harder and harder to find

things. The language in the small group meeting policy needs to be cleaned up, the language is conflicting. Another concern is that everything is neutral is untrue.

Chairman Rodman closed the public hearing.

Mr. Daines responded to the public speaker's questions as follows:

When a question about the development proposal arises at a neighborhood meeting, staff refers the question to the applicant. In a lot of cases, especially at the first meeting, staff hasn't had the opportunity to review the application, and may be learning about it for the first time at the meeting. It is the applicant's application and it is their responsibility to answer the questions related to what they are proposing.

Staff indicates that they regularly reflect resident concerns in the conditions of approval or special area policies that ultimately get recommended by staff to the Commission and Town Council.

Staff tries to respond to the diversity of issues involved in large cases. You might have one area that is focused on one aspect like lot size and another area that is completely looking at something different like commercial uses.

In terms of education, staff does not just place a stack of handouts on the back table. Staff reviews the development standards and makes sure that residents understand what is being proposed by the developer.

In terms of Staff selecting certain policies, there are over 200 policies in the General Plan and staff is trying to make that simpler on the residents by providing the applicable policies to the request.

In terms of the level of information, neighborhood meeting is conducted in 1.5 hours. Staff takes 30 minutes on the presentation and the applicant takes another 30 minutes that leaves the balance of time to hear from our residents. Some of the information gets summarized in an effort to get to what's really important and hear from the residents about their concerns.

Staff does not go through how a neighborhood can force a super majority vote. Staff's goal is to be neutral. We have had neighborhoods ask, and we provided information on the code.

In terms of General Plan Lettering on sign postings, the font size is 5 inches, they are measured before the signs are posted.

Vice-Chairman Leedy proposes striking the word educate out of Section A: Purpose, number 3. As well as striking the text, "building trust through" out of Section A: Purpose, number 1 and insert the word utilize.

**MOTION:** A motion was made by Vice-Chairman Leedy to recommend a continuance of the Zoning Code Amendment until the next meeting.

Motion died for a lack of a second.

**MOTION:** A motion was made by Vice-Chairman Leedy to recommend approval of the Zoning Code Amendment subject to the changes to Section A: Purpose, number 1, inserting the word "utilize" and number 3, striking the text, "building trust through".

Motion died for a lack of a second.

**MOTION:** A motion was made by Vice-Chairman Leedy and seconded by Commissioner Hurt to recommend approval of the Zoning Code Amendment in Attachment 1 related to the neighborhood meetings, based on the findings in the staff report.

**MOTION** carried, 6-0.

#### **PLANNING UPDATE (INFORMATIONAL ONLY)**

Bayer Vella, Planning Manager, presented the Planning Update that included the following:

- Thank you to Chairman Rodman for his service and leadership to the Commission
- Two new members will be at the next meeting
- Items on the January 5th agenda

#### **ADJOURNMENT**

**MOTION:** A motion was made by Vice-Chairman Leedy and seconded by Commissioner Drazazgowski to adjourn the December 1, 2015, Planning and Zoning Commission meeting at 8:08 PM.

**MOTION** carried, 6-0.



## Town Council Regular Session

Item # **4.**

**Meeting Date:** 01/06/2016  
**Submitted By:** Mike Standish, Town Clerk's Office  
**Department:** Town Clerk's Office

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### Information

#### **SUBJECT:**

DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING A MEMORIAL FOR BILL ADLER

#### **RECOMMENDATION:**

N/A

#### **EXECUTIVE SUMMARY:**

Town of Oro Valley resident, Bill Adler, began serving on the Planning and Zoning Commission in 1993, and continued to be heavily involved in the Town's boards and commissions, as well as the community. Sadly, Mr. Adler passed away on December 9, 2015.

As a result of his community involvement and contribution, Town Council and members of the community have expressed interest in creating a memorial to remember Mr. Adler.

#### **BACKGROUND OR DETAILED INFORMATION:**

Resident Bill Adler passed away on December 9, 2015, at the age of 79. Mr. Adler was very involved in the Town's boards and commissions, in which he began serving on in 1993. Mr. Adler was also involved in other capacities within the community and was well-known for his commitment, persistence and contributions relating to community issues.

The following is a list of boards, commissions, committees, etc. that Mr. Adler served on with respective dates:

- 1/2015 – Appointed to General Plan Development Committee
- 12/2013 – Reappointed to the Board of Adjustment with term expiring 12/31/15
- 10/2013 – Served as one of the General Plan Volunteers
- 8/2013 – Served on the General Plan Communications Advisory Committee
- 12/2012 – Served on the General Plan Scoping Committee
- 1/2012 – Appointed to the Board of Adjustment with term expiring 12/31/13
- 3/2009 – Appointed to the Public Advisory Committee for the Environmentally Sensitive Lands Ordinance project (ESLO)
- 6/2007 – Reappointment to the P&Z Commission with term expiring 6/30/09
- 5/2007 – Appointed to the Steam Pump Ranch Master Plan Task Force
- 2/2006 – Graduated from the Citizen Planning Institute
- 12/2005 – Appointed to the Capital Improvement Project Technical Advisory Committee
- 4/2005 – Appointed to the P&Z Commission with term expiring 6/30/07
- 9/2004 – Appointed to the General Plan Update Citizen Committee
- 10/2003 – Reappointed to the Board of Adjustment with term expiring 6/30/05
- 9/2001 – Reappointed to the Board of Adjustment with term expiring 6/30/03

6/2001 – Approval of a two month extension to the Board of Adjustment with term expiring 8/31/01  
9/2000 – Appointed to the Oro Valley Trails Task Force with term expiring 8/2001  
1/2000 – Appointed to the Board of Adjustment with term expiring 6/30/01  
6/1994 – Reappointed to the P&Z Commission with term expiring 6/30/96  
10/1993 – Appointed to the P&Z Commission with term expiring 6/30/94

Town Council and members of the community have expressed an interest in possibly creating a memorial for Mr. Adler.

**FISCAL IMPACT:**

N/A

**SUGGESTED MOTION:**

I MOVE to direct staff \_\_\_\_\_.

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**Town Council Regular Session**

**Item # 5.**

**Meeting Date:** 01/06/2016  
**Requested by:** Councilmember Burns & Councilmember Zinkin  
**Submitted By:** Julie Bower, Town Clerk's Office  
**Department:** Town Clerk's Office

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**Information**

**SUBJECT:**

DISCUSSION AND POSSIBLE DIRECTION TO STAFF TO DEVELOP EQUINE THERAPY AT STEAM PUMP RANCH TO INCLUDE PARTNERING WITH NON-PROFITS AND 501(C)(3) ORGANIZATIONS

**RECOMMENDATION:**

N/A

**EXECUTIVE SUMMARY:**

Councilmember Burns and Councilmember Zinkin 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 \_\_\_\_\_

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**Town Council Regular Session**

**Item # 6.**

**Meeting Date:** 01/06/2016  
**Requested by:** Councilmember Zinkin & Councilmember Burns  
**Submitted By:** Julie Bower, Town Clerk's Office  
**Department:** Town Clerk's Office

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**Information**

**SUBJECT:**

DISCUSSION AND POSSIBLE DIRECTION TO STAFF REGARDING PARTNERING WITH HOST COMPLIANCE LLC TO ASSIST WITH IDENTIFYING PRIVATELY-OWNED, SHORT-TERM RESIDENTIAL PROPERTIES TO MONITOR AND ENFORCE PERMITTING AND LODGING TAX PAYMENT COMPLIANCE OF THE PROPERTY OWNERS

**RECOMMENDATION:**

N/A

**EXECUTIVE SUMMARY:**

Councilmember Zinkin and Councilmember Burns have requested that the item be placed on tonight's agenda for discussion.

**BACKGROUND OR DETAILED INFORMATION:**

N/A

**FISCAL IMPACT:**

N/A

**SUGGESTED MOTION:**

I MOVE to \_\_\_\_\_

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**Town Council Regular Session**

**Item # 7.**

**Meeting Date:** 01/06/2016  
**Requested by:** Councilmember Burns & Councilmember Garner  
**Submitted By:** Julie Bower, Town Clerk's Office  
**Department:** Town Clerk's Office

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**Information**

**SUBJECT:**

\*DISCUSSION AND POSSIBLE DIRECTION TO STAFF TO RESEARCH THE FEASIBILITY OF ENTERING INTO A LEASE AGREEMENT WITH A THIRD PARTY ~~INTEGRITY GOLF COMPANY LLC~~ TO MANAGE THE TOWN'S GOLF FACILITIES

**RECOMMENDATION:**

N/A

**EXECUTIVE SUMMARY:**

Councilmember Burns and Councilmember Garner 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 \_\_\_\_\_

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**Town Council Regular Session**

**Item # 8.**

**Meeting Date:** 01/06/2016  
**Requested by:** Vice Mayor Waters & Councilmember Hornat  
**Submitted By:** Julie Bower, Town Clerk's Office  
**Department:** Town Clerk's Office

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**Information**

**SUBJECT:**

MOTION FOR RECONSIDERATION OF THE DECEMBER 2, 2015 DIRECTION GIVEN TO DEVELOP SIGN LIGHTING STANDARDS

**RECOMMENDATION:**

N/A

**EXECUTIVE SUMMARY:**

On December 2, 2015, at its regular meeting, Council voted to develop sign lighting standards.

Vice Mayor Waters has requested that the matter be returned to the Council agenda for reconsideration and Councilmember Hornat has seconded his request. Pursuant to Rule 11.1(B) of the Town Council's Parliamentary Rules & Procedures, the reconsideration of any action taken by Council must be by motion by a Councilmember who was on the prevailing side of the vote. Such motion must be filed with the Town Clerk's office and the clerk shall place the item on the agenda.

If the motion for reconsideration is successful, the matter will be considered in a separate agenda item at a future Council meeting.

**BACKGROUND OR DETAILED INFORMATION:**

N/A

**FISCAL IMPACT:**

N/A

**SUGGESTED MOTION:**

I MOVE for reconsideration of the December 2, 2015 direction given to develop sign lighting standards.

Or

I MOVE to deny reconsideration of the December 2, 2015 direction given to develop sign lighting standards.

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