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MEMORANDUM

Management Services Memo No. 12-003

DATE: JULY 21, 2011

TO: MAYOR AND COUNCIL

THRU: RICH DLUGAS, CITY MANAGER *RD*
PAT MCDERMOTT, ASSISTANT CITY MANAGER *PM*

FROM: DENNIS STRACHOTA, MANAGEMENT SERVICES DIRECTOR *DS*
DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR *DS*

SUBJECT: ADOPTION OF NOTICE OF INTENTION TO ADOPT STATE DEPARTMENT OF WATER RESOURCES FEE AND SET DATE FOR PUBLIC HEARING SEPTEMBER 8, 2011

RECOMMENDATION: Staff recommends Council adopt by motion the Notice of Intention to Adopt State Department of Water Resources Fee of \$0.34 and set the date for Public Hearing on September 8, 2011.

BACKGROUND/DISCUSSION: The Arizona State Legislature authorized the State Department of Water Resources (DWR) to assess municipal water utilities a fee to help fund the cost of DWR's operations in FY2011-12. Since this cost was not included in prior calculations of the cost to operate the water utility, a monthly service charge was calculated and will be passed on to active water customers to recoup the cost.

The Notice of Intention will be published in the Arizona Republic newspaper showing the date, time and place of the Public Hearing. In compliance with State Statutes, a copy of the documents supporting this water fee will be filed with the City Clerk for public review. A notice has already been posted on the City's website regarding the proposed fee.

FINANCIAL IMPLICATIONS: The cost to the City of Chandler's municipal water utility of this fee is not included in its water rates and therefore will be passed on as a separate service charge on each active water account's monthly water bill. The monthly fee is the equivalent of the City's prorated share of the annual DWR charge to be passed on to City water customers.

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PROPOSED MOTION: Move to adopt the Notice of Intention to Adopt State Department of Water Resources Fee and to set the date for the Public Hearing on September 8, 2011.

cc: Cynthia Haglin, Assistant City Attorney
Dawn Lang, Assistant Director for Finance

Attachments: Notice of Intention to Adopt State Department of Water Resources Fee
Implementation Schedule for State Department of Water Resources Fee

CITY OF CHANDLER
NOTICE OF INTENTION TO ADOPT
STATE DEPARTMENT OF WATER RESOURCES FEE

NOTICE IS HEREBY GIVEN THAT at a Regular Meeting of the Chandler City Council to be held in the Council Chambers, 88 E Chicago Street, on Thursday, July 28, 2011 at 7:00 p.m.; it is the Council's intention to assess a 34 cent monthly State Department of Water Resources Fee for all active water accounts effective November 1, 2011. A Public Hearing will be held on Thursday, September 8, 2011 at a Regular Meeting of the Chandler City Council to be held in the Council Chambers, 88 E Chicago Street at 7:00 p.m. to consider the adoption of State Department of Water Resources Fee.

A copy of the documents supporting the adoption of State Department of Water Resources Fee will be available in the office of the City Clerk commencing July 22, 2011.

Implementation Schedule for State DWR Fee

Dates to make November 1, 2011 Effective Date

July 28, 2011	Council - Adopt by Motion Notice of Intention and Publish Date of Public Hearing
September 8, 2011	Council – Conduct Public Hearing (must be at least 30 days after Notice of Intent)
September 8, 2011	Council – Introduce Ordinance to Adopt State DWR Fee
September 22, 2011	Council – Adopt Ordinance to Adopt State DWR Fee
November 1, 2011	State DWR Fee in Effect