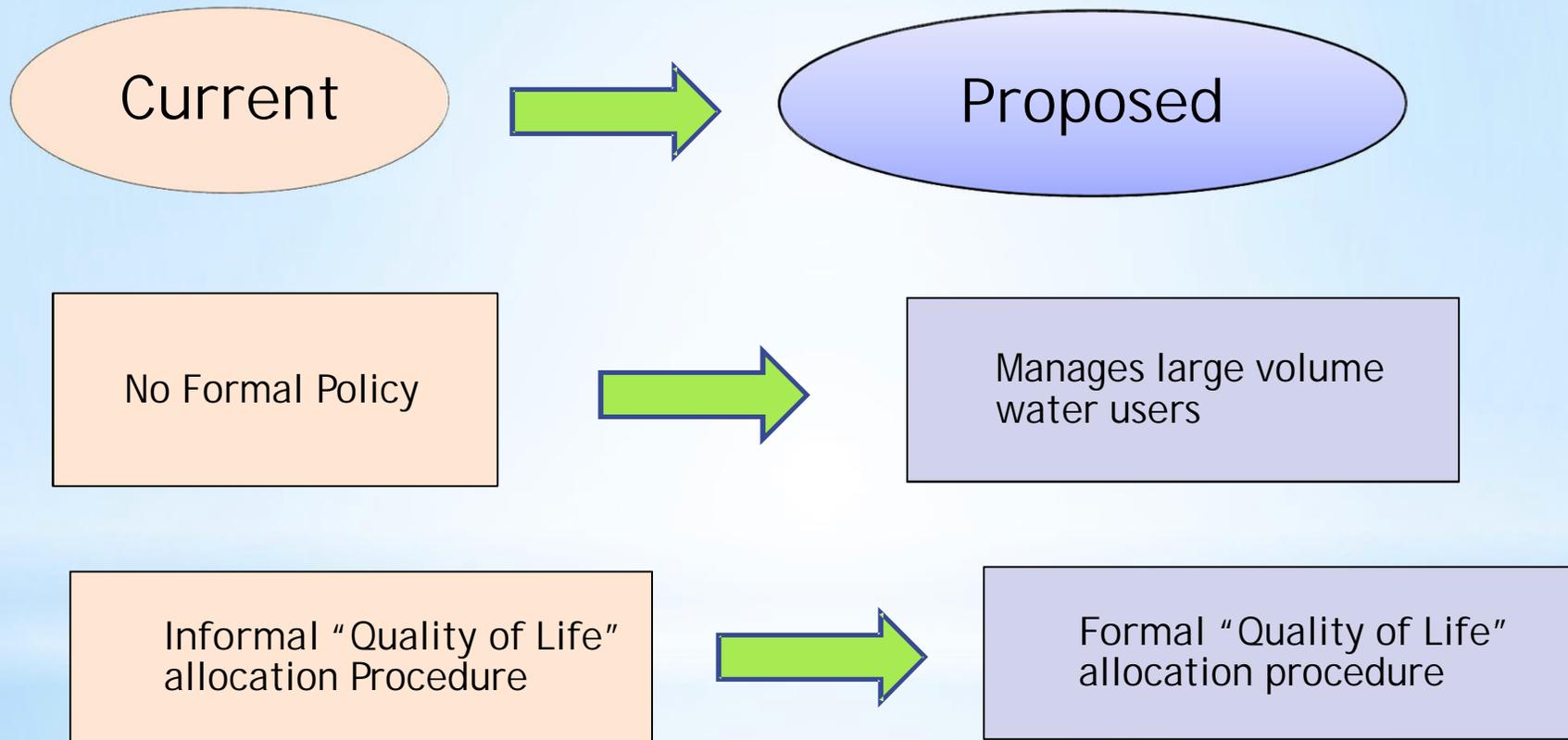


* City of Chandler Proposed Water Allocation Policy



Chandler City Council
Micro Retreat
April 27, 2015

* Water Allocation Policy



* Recent History

DLR 2121
(Data Center)

- Installed 2" meters in: 2002, 2007, 2011, 2013 (2)
- 7th highest water user in 2013 (160,000 gpd)

Cyrus 1
(Data Center)

- 2011 allocated 0.46 mgd of water for cooling tower
- Will be 3rd largest user behind Intel and Freescale

Council
Micro Retreat
September 2013

- Water Allocation Policy discussion

Council
Subcommittee,
November 10, 2014

- Water Allocation briefing

* Stakeholder Input

Outreach

- 9 meetings with commercial, industrial, multi-family developers, data center developers, existing large industrial user

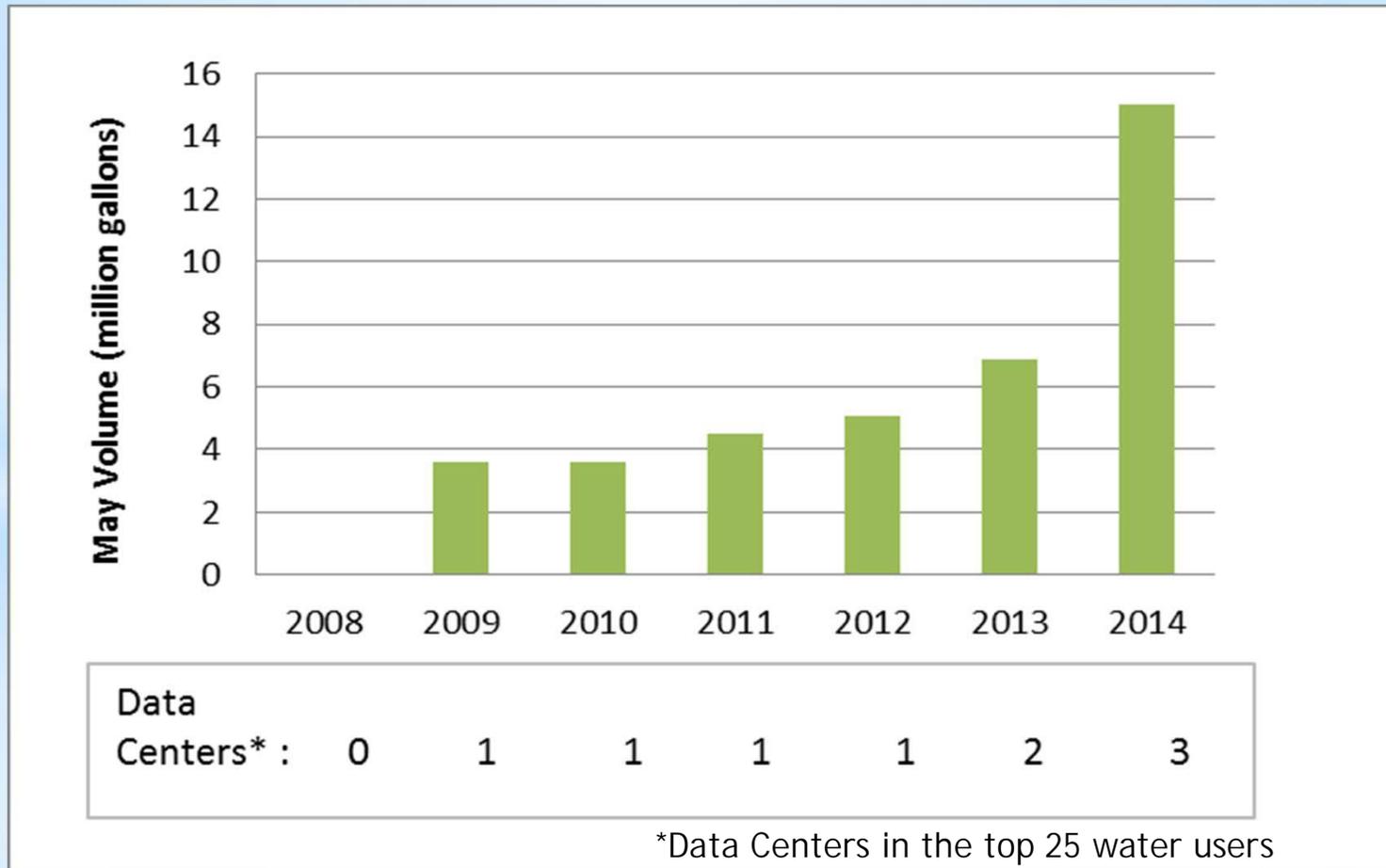
Stakeholders

- Intel, Basha's, Snell & Wilmer, Grady Gammage, Valley Partnership, Southwest Value Partners

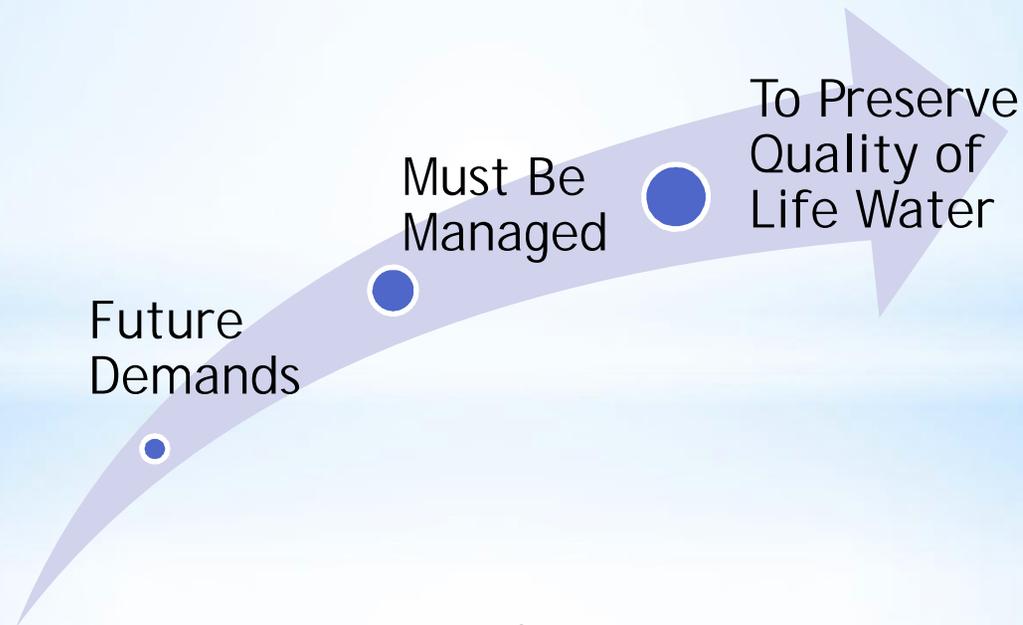
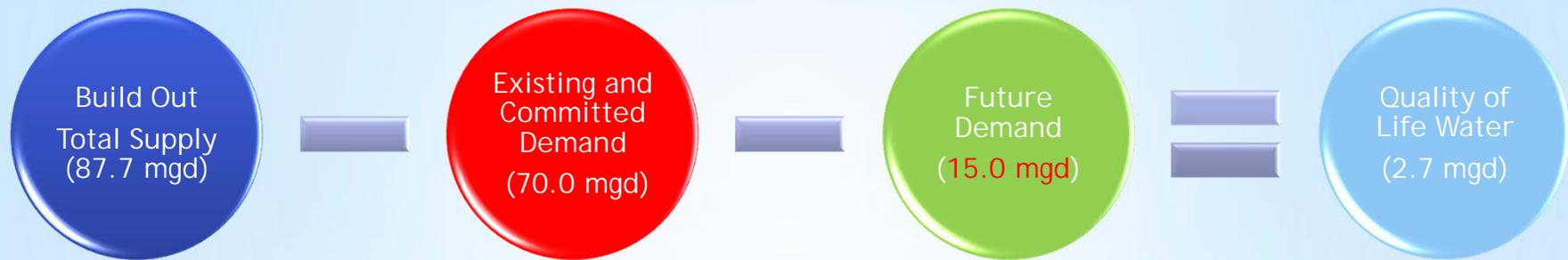
Staff

- City Manager's Office
- Economic Development
- Law
- Planning
- Permit Review

* Water Cooled Data Centers In Chandler's Top 25 Water Users

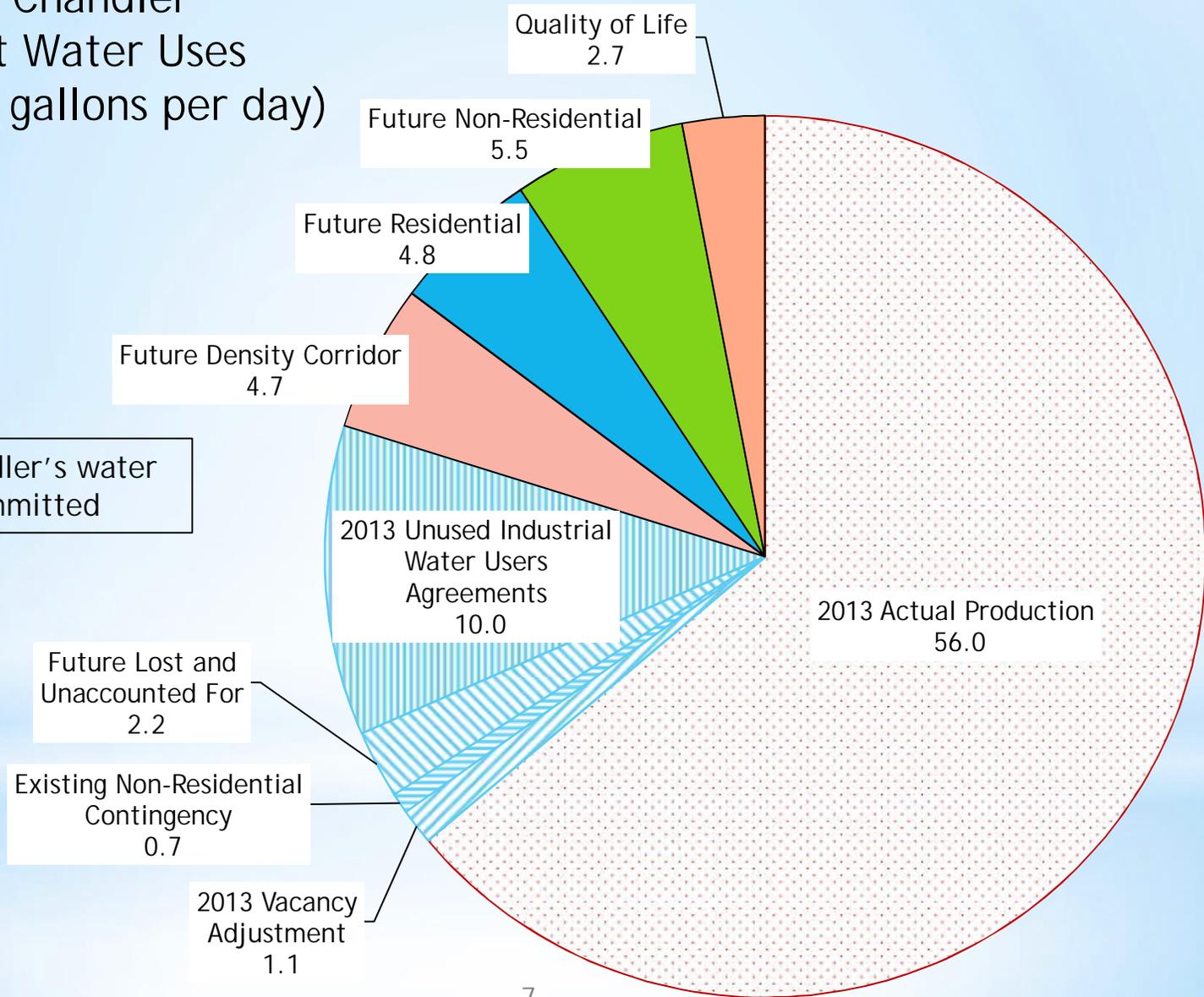


* "Quality of Life Water"



City of Chandler Build Out Water Uses (87.7 million gallons per day)

80% of Chandler's water supply is committed



* Who is Affected?

New policy
excludes:

- Existing meters
- All residential meters (SFR and Multi-family)

New policy
manages:

- New large volume water users (3-inch or larger meters)
- New multiple water meters on one parcel (combined use of more than 50,000 gpd)
- New uses greater than Tier I water use rates

* Water Policy Goals

Targets less than 1% of new water users

Aligns City water and land use planning

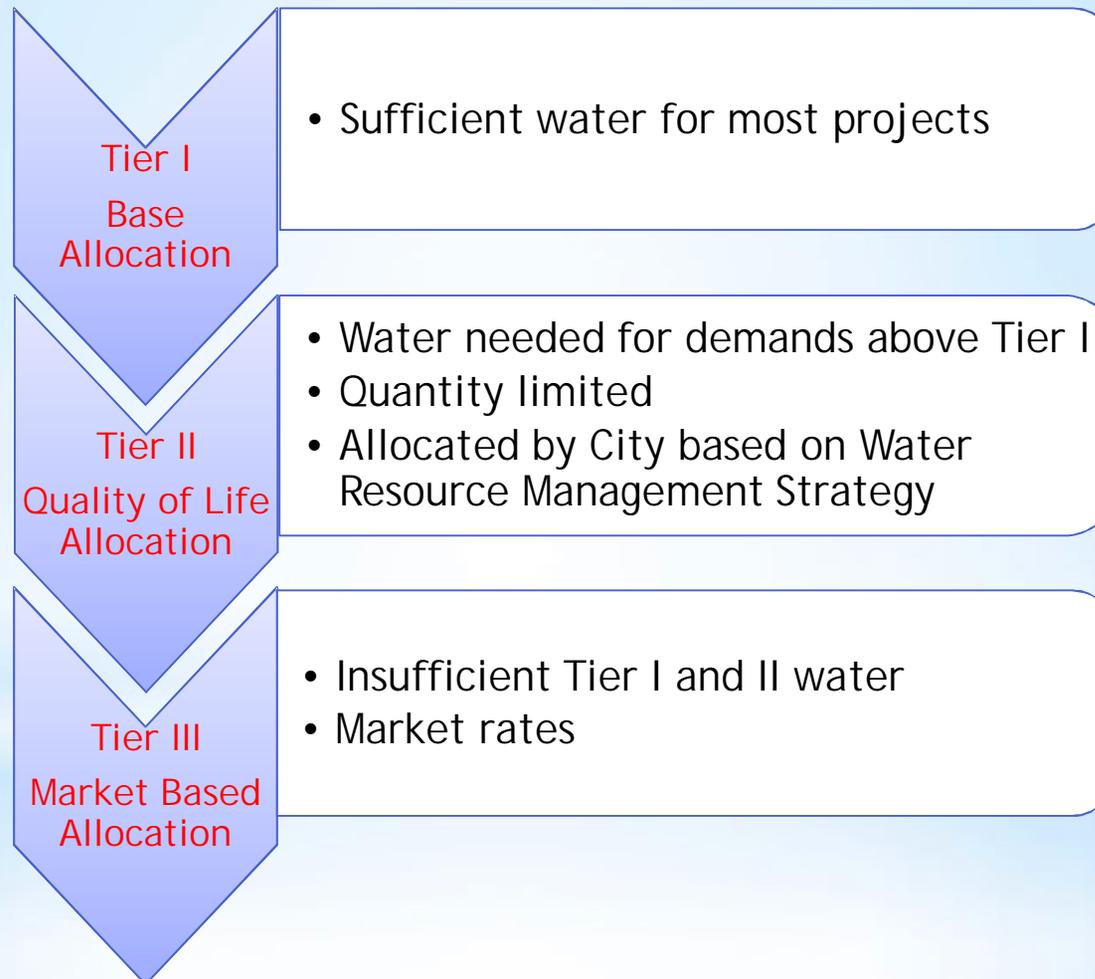
Reserves water for:

- The last building to be built
- Residential densification
- “Quality of Life” opportunities

Protects:

- Existing users

* Proposed Allocation Policy (Mechanics)



Proposed Tier I Water Use Rates Revised February 2015

Term (s)	City Ordinance Reference	Tier I Water Use Rate
Office, Industrial/ Warehouse	38-3	115 gallons per day per 1,000 square feet GFA**
Retail/Commercial	38-3	200 gallons per day per 1,000 square feet GFA**
Hotel	35-200	356.5 gallons per day per guest room
Excluded Park Facilities (Privately owned recreational facilities)	38-3	500 gallons per day per 1,000 square feet GFA**

**GFA: Gross Floor Area as defined by City Ordinance 38-3

* Future Council Considerations (May 2015)

Establish Water
Allocation Policy

- Adopt Ordinance

Establish Tier I water
use rates

- Accept Tier I water use rates
- Periodically updated

Establish Tier II
allocation objectives

- Accept 2015 Water Resource
Management Strategy
- Periodically updated

Introduction

Like all municipal water providers in Arizona, Chandler has finite water resources. Water is a natural resource necessary for any vibrant city. Chandler's Water Resource Management Strategy ensures sufficient water for current and future water customers.

Potable Water Allocation Strategy Framework

Chandler has secured water supplies to meet its build-out needs which are identified in the 2014 Water Demand Update. Chandler is revising its new City Code to include a new section that allocates potable water resources to non-residential uses on a three tier basis. The new City Code section is entitled the "Sustainable Water Allocation Regulations". Chandler already has several programs to manage residential water use, and new water allocation code applies only to non-residential uses. Tier I water is the base allocation and is available for all Chandler water users. It is expected that the Tier I water resource allocation will be sufficient to meet 99% of all new users' water needs. If additional water is needed beyond the Tier I allocation, the City could allocate Tier II or Tier III water. All three tiers are linked to a specific water meter and cannot be transferred or joined with another user unless approved by the City.

Sufficient water, from Tier I, has been set aside for non-residential uses. Tier I non-residential water use is based on building floor area. Tier I Water Use Rates are presented in the May 14, 2015 memo to Mayor and Council.

It is expected some new non-residential projects will require more water than the Tier I's water allocation. Tier II water could be used to satisfy those needs beyond Tier I water. Tier II water will be allocated using the Council-approved Water Resource Management Strategy. Finally, if a development requires more water than allocated by Tier I and II, Tier III can be purchased by the end user. Tier III water acquisition fees will be market-based.

Interaction with Land Use Entitlements

Upon implementation of the Sustainable Water Allocation Regulations (Article IV, Chapter 52 of the City Code), new development will be limited to no more than the Tier I Water Use Rate associated with the approved land uses or have a Sustainable Water Services Agreement that outlines the approved Tier II or Tier III water the City will make available.

Chandler's Strategic Goals

Creating a vibrant sustainable city is a goal supported by the many decisions the City makes. To create the vibrant sustainable city, the following three areas were identified that could be eligible for Tier II water:

1. Economic Development,
2. Neighborhoods

3. Downtown and North Central Chandler

The Water Resource Management Strategy aligns future Tier II water allocations with three vibrant sustainable city goals. The following concepts are considered when allocating Tier II water:

1. Economic Development - This goal is primarily related to attracting new technology and knowledge-based industries and encouraging the expansion of existing businesses, particularly the creation of additional high-wage jobs. The Sustainable Water Resource Regulations provides water supplies for all existing businesses, vacant buildings and undeveloped sites. For new undeveloped sites and existing or vacant building requiring new or additional water meters, Tier I water is allocated based on the building size and the type of use. In nearly all cases, Tier I water supplies will meet the needs of the user of the building. If a new or expanding business needs additional water beyond the Tier I Water Use Rates, the City will determine the economic benefit provided by the user. The City, at its discretion, may allocate additional Tier II water supplies that are commensurate with the economic benefits provided.
2. Neighborhoods - This goal encourages the reuse or adaptive reuse of underutilized buildings in existing neighborhoods. Again, there is sufficient Tier I water to satisfy the demands of similar, replacement buildings. The City, at its discretion, may allocate additional Tier II water supplies to support the reuse of existing buildings, commensurate with the neighborhood and economic benefits provided.
3. Downtown and North Central Chandler – Revitalization relates to the expansion of residential, employment, entertainment, and educational opportunities in and near the downtown/north central Chandler area. In addition, new mass transit may be introduced along Arizona Avenue. Increasing the transit system supports redevelopment or reuse of existing sites along this major arterial street. The Sustainable Water Allocation Regulations provides sufficient Tier I water for increased densities, transit-oriented development, and the revitalization of downtown/north central Chandler. Sufficient levels of Tier I water have been allocated for current and planned residential and non-residential users in these two areas. The City, at its discretion, may allocate additional Tier II water supplies to desirable improvement/revitalization projects. The City, at its discretion, may allocate additional Tier II water supplies to support developments that will increase opportunities for improved transportation and transit options.