



**Chandler • Arizona**  
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**MEMORANDUM**

**Management Services Memo No. 16-002**

**DATE:** AUGUST 10, 2015

**TO:** MAYOR AND COUNCIL

**THRU:** MARSHA REED, ACTING CITY MANAGER *MR*

**FROM:** DAWN LANG, MANAGEMENT SERVICES DIRECTOR *DL*  
DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR *DS*

**SUBJECT:** INTRODUCTION OF ORDINANCE NO. 4646 AMENDING SUBSECTION 44-7.2, AND SECTIONS 50-2, 50-10, 50-11, 50-11.1, 50-12, 50-13, 50-15, AND 50-19 OF THE CODE OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER, RECLAIMED WATER, SEWER, AND SOLID WASTE FEES EFFECTIVE OCTOBER 1, 2015

**RECOMMENDATION**

Staff recommends introduction of Ordinance No. 4646 amending subsection 44-7.2, and sections 50-2, 50-10, 50-11, 50-11.1, 50-12, 50-13, 50-15, and 50-19 of the Code of the City of Chandler to change certain water, reclaimed water, sewer, and solid waste fees effective October 1, 2015.

**BACKGROUND/DISCUSSION**

As required by the City's Financial Policies, a review of current Water, Wastewater, Reclaimed Water, and Solid Waste Enterprises was conducted as part of the FY 2015-16 Budget process. The review of the current financial situation for Wastewater, Reclaimed Water, and Solid Waste determined that rate increases were required for FY 2015-16. In addition to rate increases, there are other changes and clarifications through this ordinance:

- (1) The Ordinance will eliminate the season differential (winter/summer) rate structure for Water rates and Reclaimed Water rates and replace them with a more simple year-round rate structure. Water tiered rates will be retained to encourage water conservation.
- (2) The Ordinance adds clarifying language in the Solid Waste section of the City Code that allows fees to be charged for drop off of specified materials exceeding a certain weight (greater than 200 lbs. based on Department policy) at the Recycling Collection Center. The specified materials and the related fees were previously set by City Council resolution.
- (3) The Ordinance clarifies language in the Wastewater section of the City Code to eliminate reference to "Special Request Recovery Water" and more clearly define the

circumstances when the “Industrial User Permit” for wastewater pretreatment program cost recovery is required.

- (4) The Ordinance clarifies the fee for discontinuance of water services performed after hours (i.e. overnight, 5 p.m. to 8 a.m., weekend, and holiday service calls) as \$35.00 based on current practice and to align with other sections of the City Code.
- (5) The Ordinance corrects the description of the formula for calculating the fee for installation of backflow prevention devices outside the City to read 1.4 times the inside City rate, rather than 2.0 times the inside City rate. The actual fee is reflected correctly at \$315.00.
- (6) The Ordinance clarifies the cost for repair or replacement for construction hydrant meters to include the cost of labor as well as the cost of repair parts.
- (7) The Ordinance clarifies that the existing \$46.00 fee for hydrant meter installations and relocations is also charged for hydrant meter repairs.

**Water Rates:** The multi-year financial plan prepared by staff indicates that no FY 2015-16 rate increases are necessary for the Water system at this time. However, the proposed change to the ordinance would eliminate seasonal (winter/summer) pricing for reclaimed water and use a more simple year-round rate. The new year-round rate would not change the rate for the base amount of water usage for single-family households (10,000 gallons or less) and would be an amount between the existing rates, calculated to provide the same amount of total revenue to the Water system.

	<b>Current Winter Rate</b>	<b>Current Summer Rate</b>	<b>Proposed Year-Round Rate</b>
First 10,000 gallons	\$1.60	\$1.60	\$1.60
Next 10,000 gallons	\$1.98	\$2.15	\$2.08
Next 40,000 gallons	\$2.48	\$2.69	\$2.62
Over 60,000 gallons	\$3.09	\$3.36	\$3.27

Multi-family, Industrial, Landscape and Non-Residential categories would all use the same approach. Outside City rates will continue to be calculated using the current differentials of 1.4 times the inside City rates.

**Wastewater Rates:** The multi-year financial plan prepared by staff indicates that a FY 2015-16 rate increase of 9% is necessary to meet current and future financial commitments, specifically to cover additional debt service costs tied to new construction and expansion of facilities. The proposed 9% increase will result in the typical household wastewater bill increasing \$2.18 from \$24.17 per month to \$26.35 per month. Outside City rates will continue to be calculated using the current differentials of 1.6 times the inside City rates.

An additional change proposed for the Wastewater section of the City Code (Section 50-13 – Wastewater pretreatment program) clarifies the name of the permit required by this section as “Industrial User Permit” and clarifies that the fee is \$480 for application and for renewals. In

addition, clarifying language has been incorporated to explain that Industrial Users that certify no discharging of any process and/or process related wastewater regulated under Federal Pretreatment Categorical Standards are exempt from the monthly metered water charge.

**Reclaimed Water Rates:** The multi-year financial plan prepared by staff indicates that a FY 2015-16 rate increase of 18% is necessary to meet current and future financial commitments and to meet costs that are currently shown in the Water and Wastewater system costs. In addition, the proposed change to the ordinance would eliminate seasonal (winter/summer) pricing for reclaimed water and use a more simple year-round rate. The proposed 18% increase and conversion to a year-round rate will result in a new rate of \$0.596 per 1,000 gallons for all metered users. Outside City rates will continue to be calculated using the current differentials of 1.4 times the inside City rates.

**Solid Waste Rates:** The multi-year financial plan prepared by staff indicates that a FY 2015-16 rate increase of 6% is necessary to meet current and future financial commitments, specifically continuing increase to the Solid Waste contract for consumer price index adjustments and fuel adjustments as part of the contract. The proposed 6% increases will result in the Solid Waste portion of the utility bill increasing \$0.90 from \$15.07 per month to \$15.97 per month.

An additional change proposed for the Solid Waste section of the City Code (Section 44-7 – Use of recycling-solid waste collection center), adds clarifying language stating that the use of the center is free for residents “up to a maximum weight of specified material as set forth by City Council resolution”. The specified materials and the related fees were previously set by City Council resolution, and the Department’s policy has set the maximum weight at 200 lbs.

### **PUBLIC NOTIFICATION**

The notice of the proposed increases in rates and fees was published on the City’s web site on May 31, 2015. In accordance with State Statutes, the Official Notice of Intention to Increase Certain Water, Wastewater, and Reclaimed Water rates was approved by Council on May 28, 2015, and posted on the City’s website and published in the Arizona Republic newspaper showing the date, time, and place of the Public Hearing. As is also required by State Statutes, a copy of the documents supporting the revised Water, Wastewater, and Reclaimed Water fees was filed with the City Clerk for public review 30 days prior to the hearing. Lastly, notice of the Public Hearing was published on the utility bills starting June 1, 2015, and social media was used to inform citizens of the public hearing and possible increases in fees.

### **FINANCIAL IMPLICATIONS**

The financial plan reflects rate increases needed of 9% for Wastewater, 18% for Reclaimed Water, and 6% for Solid Waste revenues. These increases will cover additional debt service costs needed to finance infrastructure needs and anticipated contract cost increases to ensure the Enterprise activities continue to meet reserve amounts established by City financial policies and by debt covenants, in addition to increased operating costs from expanded facilities.

### **PROPOSED MOTION**

Move to introduce Ordinance No. 4646 amending subsection 44-7.2, and sections 50-2, 50-10, 50-11, 50-11.1, 50-12, 50-13, 50-15, and 50-19 of the Code of the City of Chandler to change certain water, reclaimed water, sewer, and solid waste fees effective October 1, 2015.

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8/10/2015

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Attachments: Ordinance No. 4646 (Final and Red line)

cc: Nachie Marquez, Assistant City Manager

**ORDINANCE NO. 4646**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING SUBSECTION 44-7.2 AND SECTIONS 50-2, 50-10, 50-11, 50-11.1, 50-12, 50-13, 50-15, AND 50-19 OF THE CODE OF THE CITY OF CHANDLER TO CHANGE CERTAIN WATER, RECLAIMED WATER, SEWER, AND SOLID WASTE FEES.

WHEREAS, increased regulatory and operating costs have occurred since the existing reclaimed water and sewer rates were implemented in 2013; and

WHEREAS, as a result of such cost increases, and based upon the supporting data placed on file with the City Clerk, staff has recommended that Council consider changing the rates or rate components, fees or service charges set out in this Ordinance; and

WHEREAS, on May 28, 2015, Council adopted by motion a notice of intention to increase certain water, reclaimed water, sewer and solid waste rates or rate components, fees or service charges, and set July 9, 2015 as the date for a public hearing on the matter; and

WHEREAS, a copy of the notice of intention showing the date, time and place of such public hearing has been properly published at least 20 days prior to the public hearing date, and the public hearing has been conducted as scheduled; and

WHEREAS, Council finds that it is in the best interest of the City to adopt new rates in order to maintain the financial integrity of the water and sewer enterprises.

BE IT ORDAINED by the City Council of the City of Chandler, Arizona that the Code of the City of Chandler, Arizona be amended as follows:

**SECTION 1: Chapter 44 is hereby amended as follows:**

**Amend Subsection 44-7.2 of Section 44-7, Use of recycling-solid waste collection center, to read as follows:**

*44-7.2. Refuse drop-off zone.* The following provisions shall apply to use of the refuse drop-off zone.

A. Persons presenting documentation establishing covered residence status are entitled to use the refuse drop-off zone at no charge; up to a maximum weight of specified material as set forth by City Council resolution. Additionally, persons presenting documentation to use the refuse drop-off zone pursuant to an agreement approved at a City Council meeting, and persons wishing to drop off refuse generated from neighborhood cleanup programs sponsored by the City and approved by the administrator, shall be entitled to use the refuse drop-off zone at no charge.

B. Persons presenting documentation establishing City residency, but who are not an owner or occupant of a covered residence, are entitled to use the residential drop-off zone upon payment of the fee set forth by City Council resolution.

C. Refuse to be accepted at the refuse drop-off zone shall be limited to loosely compacted matter that can be removed and handled by machinery normally used at a transfer facility. Logs, trees and stumps shall be cut into pieces not exceeding seventy-two (72) inches in length and eighteen (18) inches in diameter.

**SECTION 2: Chapter 50 is hereby amended as follows:**

**A. Amend Section 50-2 to read as follows:**

**50-2. - Application for utility service; requested discontinuance of service.**

All applications for utility service shall be made through the Office of the Management Services Director. The applicant shall furnish the following: name; spouse's name (if applicable); the official street number assigned to the premises or the legal description of the property; previous address; employer's name and telephone number (if employed); the property owner's name, if different from the applicant; a copy of lease or rental agreement if applicant is not the property owner and the address of which the monthly statement is to be mailed. The applicant may be required to show picture identification.

All applicants shall pay a fee of twenty-five dollars (\$25.00) to open an account and are required to give a twenty-four-hour notice to have water service turned on. Where the request requires the service be performed outside normal working hours, weekends or holidays, an additional fee of twenty-seven dollars (\$27.00) shall be charged. Normal working hours are defined as weekdays between the hours of 8:00 a.m. and 5:00 p.m.

Customers desiring to discontinue the use of water must give a twenty-four-hour notice thereof through the Office of the Management Services Director, or the charges for utilities will be continued until such notice is given. Any service call on weekends, holidays, or between the hours of 5:00p.m. and 8:00 a.m. shall pay a fee of thirty-five dollars (\$35.00). Customers desiring their water service turned off for the purpose of repairing their plumbing shall pay a fee of ~~twenty-seven~~thirty-five dollars (\$~~27~~35.00) if the service call is on weekends, holidays or between the hours of 5:00 p.m. and 8:00 a.m. During normal working hours this service will be performed at no charge.

**B. Amend Section 50-10 to read as follows:**

**50-10. - Backflow prevention device installation fee.**

A. Residential properties to be connected to the municipal water system which incorporate the use of reclaimed wastewater as a water conservation measure shall be charged a fee for installation of backflow prevention devices in accordance with the following schedule:

	Inside City	Outside City
Water service lines up to 1 inch	\$225.00	\$315.00

Devices to be installed inside the City on service lines larger than one (1) inch will be installed on the basis of time and materials plus twenty-five (25) percent. The deposit fee will be estimated by the Water Quality Program Manager and shall be required by the Management Services Director prior to installation, with the balance due upon completion of the installation. Installation of devices outside the City on service lines larger than one (1) inch shall be ~~twice~~ 1.4 times the fee for installation inside the City limits.

B. An additional charge of fifty dollars (\$50.00) per device inside the City limits and seventy dollars (\$70.00) per device outside the City limits shall be made for installations requiring more than two (2) service calls, or for testing the backflow prevention device after relocation of a hydrant meter. The charge shall be levied for each return trip necessary to complete the installation of the device.

C. All backflow prevention devices installed under this program shall remain the property of the City, and the City shall be responsible for testing and maintenance of the devices.

**C. Amend Section 50-11 to read as follows:**

**50-11. - Water rates.**

A. The following rates shall apply to all individually metered water services:

Meter Size (in inches)	Monthly Base Charge	
	Inside City	Outside City
5/8	\$8.87	\$12.42
3/4	10.11	14.16
1	12.91	18.08
1½	20.33	28.47
2	28.61	40.06
3	60.30	84.42
4	85.09	119.13
6	161.57	226.20
8	244.79	342.71
10	417.08	583.92
12	589.39	825.15

B. In addition to the monthly base charge, all water metered shall be charged at the following rates by class per one thousand (1,000) gallons, plus the applicable proportionate part of any taxes or any governmental impositions, which are assessed on water sales:

	Winter Rate— Single-Family		Summer Rate— Single-Family		Year-Round Single-Family	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$1.60	\$2.24	\$1.60	\$2.24	\$1.60	\$2.24
Next 10,000 gallons	1.98	2.78	2.15	3.01	2.08	2.92
Next 40,000 gallons	2.48	3.48	2.69	3.77	2.62	3.67
Over 60,000 gallons	3.09	4.33	3.36	4.71	3.27	4.58

	Winter Rate— Multi-Family		Summer Rate— Multi-Family		Year-Round Multi-Family	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
First 10,000 gallons	\$0.87	\$1.22	\$0.87	\$1.22	\$0.87	\$1.22
Next 10,000 gallons	1.07	1.50	1.07	1.50	1.07	1.50
Next 20,000 gallons	1.35	1.89	1.61	2.26	1.47	2.06
Over 40,000 gallons	1.69	2.37	2.81	3.94	2.21	3.10

	Winter Rate — Industrial		Summer Rate — Industrial		<u>Year-Round</u> Industrial	
	Inside City	Outside City	Inside City	Outside City	<u>Inside City</u>	<u>Outside City</u>
All Usage	\$1.85	\$2.59	\$2.37	\$3.32	<u>\$2.02</u>	<u>\$2.83</u>

	Winter Rate — Landscape		Summer Rate — Landscape		<u>Year-Round</u> Landscape	
	Inside City	Outside City	Inside City	Outside City	<u>Inside City</u>	<u>Outside City</u>
All Usage	\$1.81	\$2.54	\$2.88	\$4.04	<u>\$2.42</u>	<u>\$3.39</u>

	Winter Rate — All Other Non-Residential		Summer Rate — All Other Non-Residential		<u>Year-Round</u> All Other Non-Residential	
	Inside City	Outside City	Inside City	Outside City	<u>Inside City</u>	<u>Outside City</u>
All Usage	\$1.72	\$2.41	\$2.37	\$3.32	<u>\$2.03</u>	<u>\$2.85</u>

- ~~1. Winter rates will be effective with all billings on and after October 1.~~
- ~~2. Summer rates will be effective with all billings on and after May 1.~~

**D. Amend Section 50-11.1 to read as follows:**

**50-11.1. - Reclaimed water service rates.**

The following rates per one thousand (1,000) gallons shall apply to all individually metered reclaimed water services:

	Winter Rate <sup>(1)</sup>		Summer Rate <sup>(2)</sup>		Year-Round Rate	
	Inside City	Outside City	Inside City	Outside City	Inside City	Outside City
Reclaimed water	\$0.481	\$0.674	\$0.522	\$0.731	\$0.596	\$0.835
<del>Special request recovered water</del>	<del>1.678</del>	<del>2.35</del>	<del>1.826</del>	<del>2.557</del>		

~~(1) Winter rates will be effective with all billings on and after October 1.~~

~~(2) Summer rates will be effective with all billings on and after May 1.~~

**E. Amend Section 50-12 to read as follows:**

**50-12. - Wastewater service rates.**

A. The following wastewater service rates shall apply to all dwelling and commercial units where sewer main adjoins the property and the water account is active, unless the unit is outside the City limits and not connected to a City sewer main. In the event the active water account is for the sole purpose of providing fire flow, lawn, landscaping or other irrigation and sprinkling or other use approved by the City Engineer not requiring a sewer connection, the following service rates shall not apply.

Type of Service	Water Metered	Inside City	Outside City
Single-Family Dwelling Unit	Not Applicable	<u>\$24.1726.35</u>	<u>\$38.6842.16</u>
Multi-Family Dwelling Unit	Not Applicable	<u>7.408.07</u>	<u>11.8412.92</u>
Commercial	Monthly Base Charge	<u>6.376.95</u>	<u>10.2011.12</u>
	Per 1,000 gallons	<u>2.903.17</u>	<u>4.645.08</u>
Commercial Processing & Manufacturing	Monthly Base Charge	<u>6.376.95</u>	<u>10.2011.12</u>
	Per 1,000 gallons	<u>2.903.17</u>	<u>4.645.08</u>
Medical Institutions	Monthly Base Charge	<u>6.376.95</u>	<u>10.2011.12</u>
	Per 1,000 gallons	<u>2.903.17</u>	<u>4.645.08</u>
Educational Institutions	Monthly Base Charge	<u>6.376.95</u>	<u>10.2011.12</u>
	Per 1,000 gallons	<u>2.903.17</u>	<u>4.645.08</u>
Large Volume Industrial	Monthly Base Charge	<u>6.376.95</u>	<u>10.2011.12</u>
	Per 1,000 gallons	<u>2.903.17</u>	<u>4.645.08</u>

B. In the event of the installation of a separate sewer meter for approved commercial and industrial users, the following wastewater service rates shall apply.

Type of Service	Inside City	Outside City
Approved commercial-industrial:		
Monthly base charge	<u>\$6.376.95</u>	<u>\$10.2011.12</u>

Per 1,000 gallons	<u>2.903.17</u>	<u>4.645.08</u>
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C. In the event a sewer main adjoins property which is not served by municipal water and the owner/occupant desires to be served by wastewater service, the wastewater rates set forth in paragraph A. shall apply to all single-family and multifamily users. Wastewater rates set forth in paragraph A. shall apply to all other customers with water provider supplying water billing information to the City. In the event the water provider is the owner/occupant or the water provider information is not available to the City for billing purposes under paragraph A., then wastewater rates set forth in paragraph B. shall apply and installation costs of the sewer meter shall be borne by the customer.

**F. Amend Section 50-13 to read as follows:**

**50-13. - Wastewater pretreatment program cost recovery.**

A. In order to provide for recovery of City costs associated with the City of Chandler wastewater pretreatment program, the following fee schedule is established:

Industrial User permit application and renewal .....\$480.00

Monthly metered water charge, per 1,000 gallons .....0.183

Excess pollutant processing charge:

Per excess lb. BOD\* .....0.415

Per excess lb. TSS\*\* .....0.083

Per excess lb. Ammonia .....0.487

\*BOD: Biochemical oxygen demand

\*\*TSS: Total Suspended solids

The above fees shall be separate from all other fees chargeable by the City and apply to Industrial Users required to be permitted under the procedures contained in the City's approved Pretreatment Program. Industrial Users that certify no discharging of any process and/or process related wastewater regulated under Federal Pretreatment Categorical Standards shall be exempt from the monthly metered water charge in this section. The monthly metered water charge is measured at the Industrial User's water meter(s) or at the metered combined sewer outfall if approved by the City. ~~nonresidential users of the City Wastewater Collection and Treatment System.~~ These fees relate solely to the pretreatment program requirements and are structured to reimburse the following:

1. Costs of setting up and operating the City's wastewater pretreatment program;
2. Costs of monitoring, inspection and surveillance procedures;
3. Costs of reviewing accidental discharge procedures and construction;
4. Costs associated with processing permit applications and issuing permits;
5. Costs associated with filing appeals;
6. Costs incurred by City for consistent removal of pollutants otherwise subject to Federal pretreatment standards;
7. Other costs deemed necessary to carry out the requirements of the pretreatment program.

Fees shall be reviewed annually each January by the Director of the Municipal Utilities Department to assure they are equitable and sufficient to recover City costs associated with the program as defined above.

B. If any provision, paragraph, word or section of this ordinance is invalidated by any court of competent jurisdiction, the remaining provisions, paragraphs, words or sections shall not be affected and shall continue in full force and effect.

C. All other ordinances and parts of other ordinances inconsistent or conflicting with any part of this ordinance are hereby repealed to the extent of such inconsistency of conflict.

**G. Amend Section 50-15 to read as follows:**

**50-15. - Fee for basic solid waste services.**

A. *Basic solid waste services.* A monthly disposal fee of fifteen dollars and ~~seven-ninety-seven~~ seventy-seven cents (\$15.0797) shall apply to all covered residences receiving basic solid waste services as set forth in Chapter 44 of this Code. The City will bill the monthly disposal fee on the water account serving each covered residence. When the owner or occupant of a covered residence does not have an active water account to bill, a utility billing account will be established. A security deposit, as specified in section 50-3, shall be required from owners or occupants of covered residences without an active water account.

B. *Unoccupied residences.* Covered residences under construction, not occupied, with the water account in the name of the contractor, will not be assessed the monthly disposal fee.

C. *Common water account.* When covered residences share a common water account, the aggregate of all of the monthly disposal fees applicable to each covered residence specified in this section will be charged to the common water account.

**H. Amend Section 50-19 to read as follows:**

**50-19. - Construction water fees.**

*50-19.1.* When requesting a hydrant meter for construction water, customers shall deposit the sum of one thousand four hundred fifty dollars (\$1,450.00) with the City for the hydrant meter, fittings and required backflow device. The deposit, less charges for any repair, replacement, labor or balance due, shall be refunded upon termination of the customer's use of the hydrant meter. Charges for any repair, replacement, and labor may be direct charged to the customer.

*50-19.2.* The customer shall pay a monthly water base charge in the amount of eighty-one dollars and thirty-four cents (\$81.34) for all hydrant meters.

*50-19.3.* In addition to the monthly water base charge, the customer shall pay for all water metered at the rates set forth in section 50-11 of this chapter.

*50-19.4.* The customer shall pay a fee of forty-six dollars (\$46.00) for each requested hydrant meter installation, repair, or and-relocation.

**SECTION 3:** The new rates and fees established by this Ordinance No. 4646 shall become effective with all bills issued on or after October 1, 2015.

INTRODUCED AND TENTATIVELY APPROVED BY the City Council of the City of Chandler, Arizona, this \_\_\_\_\_ day of \_\_\_\_\_, 2015.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

PASSED AND ADOPTED by the Mayor and City Council of the City of Chandler, Arizona, this \_\_\_\_ day of \_\_\_\_\_, 2015.

ATTEST:

\_\_\_\_\_  
CITY CLERK

\_\_\_\_\_  
MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4646 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on the \_\_\_\_\_ of \_\_\_\_\_, 2015, and that a quorum was present thereat.

\_\_\_\_\_  
CITY CLERK

APPROVED AS TO FORM:

\_\_\_\_\_  
CITY ATTORNEY *GAB*

PUBLISHED