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JUN 11 2009



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Where Values Make The Difference

MEMORANDUM

Management Services Memo No. 09-103

DATE: MAY 26, 2009

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER
RICH DLUGAS, ASSISTANT CITY MANAGER RD
PAT MCDERMOTT, ASSISTANT CITY MANAGER

FROM: DENNIS STRACHOTA, ^{DS} MANAGEMENT SERVICES DIRECTOR
DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR ^{DS}

SUBJECT: PUBLIC HEARING AND INTRODUCTION OF ORDINANCE NO. 4156 AMENDING SECTIONS 50-5 AND 50-9 OF THE CODE OF THE CITY OF CHANDLER TO INCREASE CERTAIN WATER, RECLAIMED WATER AND WASTEWATER FEES

RECOMMENDATION: Staff recommends introduction of Ordinance No. 4156 amending Sections 50-5 and 50-9 of the Code of the City of Chandler to increase certain water, reclaimed water and wastewater fees.

BACKGROUND/DISCUSSION: Staff is recommending City Code changes related to the installation of water meters and the establishment of a late fee for unpaid account balances. The City does not currently charge a late fee on past due utility bills, and proposes to implement a late fee of two percent of the bill.

Historically, meters larger than two inches were purchased and installed by the developer based upon specifications provided by the City. To insure proper installation, staff would like to have the City perform these large meter installations for a fee and be reimbursed for the cost of the meter depending on the type installed. Additionally, installation fees for all meter types will be updated to recover the cost of providing the service.

Outside City fees will continue to be calculated using the same differentials calculated in the 2007 rate study: 1.4 times the Inside City rates for water and reclaimed water fees.

The Notice of Intention was published in the Arizona Republic newspaper on May 19, 2009 showing the date, time and place of the Public Hearing on June 11, 2009. In compliance with

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State Statutes, a copy of the documents supporting the water and reclaimed water fees was filed with the City Clerk for public review. In addition, a notice regarding the public hearing has been included in monthly utility bills.

FINANCIAL IMPLICATIONS: Staff estimates that a two percent late fee on past due utility bills could generate \$300,000 in revenue that would be shared among the water, wastewater and solid waste operating funds. The meter installation fees would cover the cost of providing the service.

PROPOSED MOTION: Move to introduce Ordinance No. 4156 amending Sections 50-5 and 50-9 of the Code of the City of Chandler to increase certain water, reclaimed water and wastewater fees.

cc: Cynthia Haglin, Assistant City Attorney
Bob Mulvey, Assistant Municipal Utilities Director
Dawn Lang, Assistant Director for Finance
Jim Crocker, Utility Services Business Manager
Sheina Hughes, City Engineer

Attachment: Ordinance No. 4156

ORDINANCE NO. 4156

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF CHANDLER, ARIZONA, AMENDING SECTIONS 50-5 AND 50-9 OF THE CODE OF THE CITY OF CHANDLER TO INCREASE CERTAIN WATER, RECLAIMED WATER AND WASTEWATER FEES.

WHEREAS, increased regulatory and operating costs have occurred since the existing water, reclaimed water and sewer rates were implemented two years ago; and

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

WHEREAS, on April 23, 2009, Council adopted by motion a notice of intention to increase certain water, reclaimed water and sewer rates or rate components, fees or service charges, and set June 11, 2009 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 schedule; 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 50 is hereby amended as follows:

A. Amend subsection 50-5.1 to read as follows:

50-5. Payment of bills.

50-5.1. All bills rendered for each billing period are due and payable ~~upon presentation and are past due (delinquent) twenty-one (21) calendar days after date rendered by the due date printed on the statement.~~ The due date shall be no less than twenty-one (21) calendar days after each billing period. A late fee of two (2) percent will be charged for any outstanding balance showing on the statement (excluding taxes) not paid by the due date. If the total of such bill is not paid ~~within five (5) days after delinquency by the due date,~~ water service is subject to discontinuance pursuant to Code Section 50-6.

B. Amend Section 50-9 to read as follows:

50-9. Water meter installation fee.

- 50-9.1. Properties inside City limits to be connected to the municipal water or reclaimed water distribution system shall pay a fee for which the City will install a service line, meter and meter box in accordance with the following schedule:

TABLE INSET:

Meter Size (In Inches)	Inside City	Outside City
5/8	\$900.00	
3/4	925.00 <u>1,819.00</u>	<u>2,547.00</u>
1	990.00 <u>1,847.00</u>	<u>2,586.00</u>
1 1/2	1,100.00 <u>1,942.00</u>	<u>2,719.00</u>
2	1,200.00 <u>2,044.00</u>	<u>2,862.00</u>

Installation of the above size meters outside the City limits shall be one and four-tenths (1.4) times the fee for installation inside the City limits.

- 50-9.2. Properties to be connected to the municipal water or reclaimed water distribution system where the service line (from the water main to the property line) and meter box is installed by the subdivider or developer shall be charged a fee for the meter installation in accordance with the following schedule:

TABLE INSET:

Meter Size (In Inches)	Inside City	Outside City
5/8	\$180.00	\$252.00
3/4	419.00 <u>190.00</u>	587.00 <u>266.00</u>
1	447.00 <u>240.00</u>	626.00 <u>336.00</u>
1 1/2	542.00 <u>360.00</u>	759.00 <u>504.00</u>
2	644.00 <u>440.00</u>	902.00 <u>616.00</u>
<u>3 - Turbine</u>	<u>2,186.00</u>	<u>3,060.00</u>
<u>3 - Compound</u>	<u>3,405.00</u>	<u>4,767.00</u>
<u>3 - Turbine Fire Protection Meter</u>	<u>3,462.00</u>	<u>4,847.00</u>
<u>4 - Turbine</u>	<u>2,786.00</u>	<u>3,900.00</u>
<u>4 - Compound</u>	<u>4,196.00</u>	<u>5,874.00</u>
<u>4 - Turbine Fire Protection Meter</u>	<u>3,983.00</u>	<u>5,576.00</u>

4 - Compound Fire Protection Meter	<u>7,347.00</u>	<u>10,286.00</u>
6 - Turbine	<u>4,387.00</u>	<u>6,142.00</u>
6 - Compound	<u>6,433.00</u>	<u>9,006.00</u>
6 - Turbine Fire Protection Meter	<u>5,180.00</u>	<u>7,252.00</u>
6 - Compound Fire Protection Meter	<u>9,278.00</u>	<u>12,989.00</u>
8 - Turbine	<u>6,380.00</u>	<u>8,932.00</u>
8 - Compound	<u>9,113.00</u>	<u>12,758.00</u>
8 - Turbine Fire Protection Meter	<u>6,046.00</u>	<u>8,464.00</u>
8 - Compound Fire Protection Meter	<u>11,641.00</u>	<u>16,297.00</u>
10 - Turbine	<u>9,953.00</u>	<u>13,934.00</u>
10 - Turbine Fire Protection Meter	<u>7,846.00</u>	<u>10,984.00</u>
10 - Compound Fire Protection Meter	<u>16,713.00</u>	<u>23,398.00</u>
12 - Turbine	<u>15,717.00</u>	<u>22,004.00</u>

Installation of the above size meters outside the City limits shall be one and four-tenths (1.4) times the fee for installation inside the City limits.

An additional charge of ~~fifty-ninety-seven~~ dollars (~~\$50.00~~97.00) per meter inside the City limits and ~~seventy-one hundred thirty-five~~ dollars ~~and 80 cents~~ (~~\$70.00~~135.80) per meter outside the City limits shall be made for installations requiring more than two (2) service calls. The charge shall be levied for each return trip necessary to complete the meter installation and shall be shown on the utility billing statement.

50-9.3. All water meters larger than two (2) inches shall ~~be purchased and have the service line and meter box~~ installed by the subdivider or developer using specifications approved by the City. -The subdivider or developer will be responsible to pay the charges associated with the water meter and installation.

50-9.4. All water meters shall remain the property of the City, and the City shall be responsible for maintenance of meters.

INTRODUCED AND TENTATIVELY approved by City Council of the City of Chandler,
Arizona, this ___ day of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

PASSED AND ADOPTED by the City Council of the City of Chandler, Arizona, this ___ day
of _____, 2009.

ATTEST:

CITY CLERK

MAYOR

CERTIFICATION

I HEREBY CERTIFY that the above and foregoing Ordinance No. 4156 was duly passed and adopted by the City Council of the City of Chandler, Arizona, at a regular meeting held on ____ day of _____, 2009 and that a quorum was present thereat.

CITY CLERK

APPROVED AS TO FORM:

CITY ATTORNEY

GAB