



Chandler • Arizona
Where Values Make The Difference

#44

APR 24 2008

MEMORANDUM

Municipal Utilities Department MUA08-043

DATE: APRIL 24, 2008

TO: MAYOR AND COUNCIL

THRU: W. MARK PENTZ, CITY MANAGER 

FROM: DAVE SIEGEL, MUNICIPAL UTILITIES DIRECTOR 
SHEINA HUGHES, ASSISTANT PUBLIC WORKS DIRECTOR CITY ENGINEER 

SUBJECT: Ocotillo Management Group/Chandler Reclaimed Water Agreement

RECOMMENDATION:

Staff recommends approval of Amendment No. 1 to the Ocotillo Management Group (OMG)/Chandler Reclaimed Water Agreement.

BACKGROUND:

In 1983, the City of Chandler and OMG partnered to beneficially reuse the reclaimed water from the Ocotillo Water Reclamation Facility. In 2001, the agreement was re-written to recognize changes to the long-term needs for both parties.

With the initiation of various commercial projects in the Price Road corridor near the Santan Freeway, staff and OMG met to discuss various reclaimed water delivery scenarios. This area is in the OMG Service Area as depicted in the Reclaimed Water Master Plan. The City already had reclaimed infrastructure along Price Road to service the Santan Freeway and areas to the north. Staff and OMG agreed it made sense for the City to serve this area of approximately 210 acres and bill OMG for the water and the use of the City infrastructure. Each parcel in this area will be individually billed to OMG as they start using reclaimed water. The City Engineer calculated the cost of the reclaimed water line and determined a fair charge for the use. This proposed agreement will benefit both sides in that the City will recover some cost on the pipe and will not have a second reclaimed water line installed in Price Road.

FINANCIAL IMPLICATIONS:

The City revenue for the water will not change. The City will recover a small part of the construction cost of the pipe for the minimal use by OMG customers.

PROPOSED MOTION:

Move to approve Amendment No. 1 to the OMG/Chandler Reclaimed Water Agreement and authorize the Mayor to sign the Agreement.

AMENDMENT I TO THE OMG/CHANDLER
RECLAIMED WATER AGREEMENT

This Amendment I ("Amendment I") to the OMG/Chandler Reclaimed Water Agreement ("Water Agreement") entered into by the City of Chandler, an Arizona municipal corporation (the "City") and the Ocotillo Management Group, L.L.C., an Arizona limited liability company ("OMG") on December 18, 2001, is hereby entered into as of the ____ day of _____, 2008, by and among the City and OMG.

WHEREAS, the City and OMG (collectively "the parties") wish to make some clarifying and operational changes to the Water Agreement to permit the direct delivery of reclaimed water by the City to certain parcels within OMG's service area.

WHEREAS, any amendment to the terms of the Water Agreement must be in writing and shall become effective only after approval by the parties pursuant to Section 6.5 of the Water Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and provisions contained in this Amendment I and other good and valuable consideration, the adequacy of which is hereby acknowledged, the parties agree as follows:

1. Section 1.3 of the Water Agreement is hereby deleted in its entirety and replaced with a new Section 1.3 to read as follows:

1.3 Service Area. OMG shall have the exclusive right to provide reclaimed water within that area designated as the OMG service area in the Reclaimed Water Master Plan approved by the City on or about May 13, 2004, a copy of which is set forth in Exhibit C, unless and until such time, if ever, that OMG requests, in writing, that such area be reduced.

2. Article 3.0 of the Water Agreement entitled "Rates, Delivery and Quantity" is hereby amended by adding a new section 3.11 to read as follows:

3.11 Direct Delivery Fee. In addition to the Reclaimed Water Rate to be charged by the City to OMG for all reclaimed water delivered to OMG in excess of the Base Amount, the City will charge OMG a monthly direct delivery fee of One and 79/100 Dollar (\$1.79) per acre for each parcel directly receiving reclaimed water through City-owned infrastructure adjacent to the property depicted in Exhibit D. The direct delivery fee attributable to a particular parcel shall commence on the first full month after the water meter for that parcel has been activated.

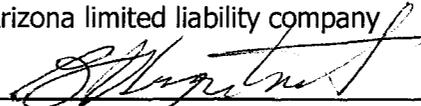
3. Exhibit B of the Water Agreement entitled "Delivery Points" is hereby amended by adding a new delivery point 4 to read as follows:

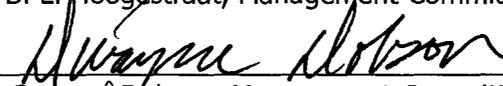
4. Direct delivery points within individual parcels, after such parcels are developed in accordance with City-approved plans, that are located within the area depicted in Exhibit D of the Water Agreement.

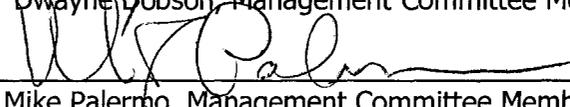
4. The terms used and capitalized in this Amendment I shall have the respective meanings set forth in the Water Agreement unless the context clearly requires otherwise.

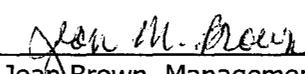
5. Except as specifically amended by this Amendment I, the terms of the Water Agreement shall remain in full force and effect.

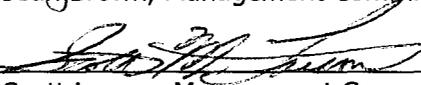
OCOTILLO MANAGEMENT GROUP, L.L.C.,
an Arizona limited liability company

By: 
B. L. Hoogestraat, Management Committee Member

By: 
Dwayne Dobson, Management Committee Member

By: 
Mike Palermo, Management Committee Member

By: 
Jean Brown, Management Committee Member

By: 
Scott Larson, Management Committee Member

CITY OF CHANDLER,
an Arizona municipal corporation

By: _____
Boyd W. Dunn, Mayor

ATTEST:

Marla Paddock, City Clerk

APPROVED AS TO FORM:

City Attorney

4. Direct delivery points within individual parcels, after such parcels are developed in accordance with City-approved plans, that are located within the area depicted in Exhibit D of the Water Agreement.

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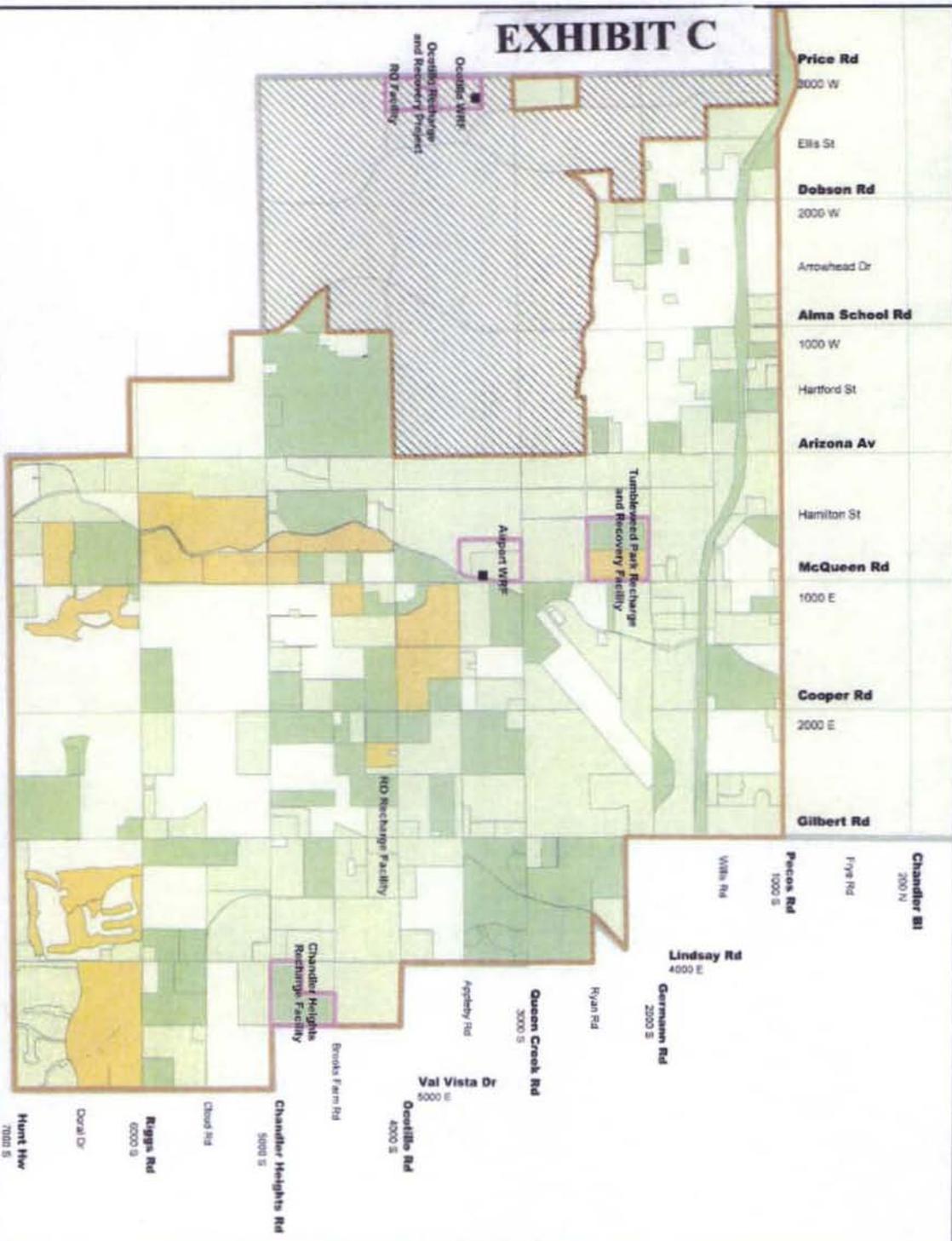
EXHIBIT B

DELIVERY POINTS

1. Discharge pipe generally located at the southeast portion of the Ocotillo Wastewater Reclamation Facility adjacent to the east side of flocculator clarifier #3.
2. Wetwell for the Intel Pump station generally located in the southeast portion of the Ocotillo Wastewater Reclamation Facility and southeast of flocculator clarifier #3.
3. Wetwell for the Ocotillo Community Association waterfalls located immediately adjacent to the southeast corner of Queen Creek Road and Price Road.
4. Direct delivery points within individual parcels, after such parcels are developed in accordance with City-approved plans, that are located within the area depicted in Exhibit D of the Water Agreement.

EXHIBIT C

City of Chandler Reclaimed Service Area, Facilities, and Customers



Legend

- Wastewater Treatment Facilities
 - Study Area
 - Service Areas
 - Chandler Reclamation Area
 - Ocotillo Management Group Reclaimed Facilities
 - All Facilities
- Customer Type**
- Current
 - Intended
 - Potential

Note: Service area and classification as of June 2003.



Figure 5.1



