

February 23, 2011

City of Glendale, Arizona

Report Supporting Proposed Increase to Residential and Commercial Utilities Deposits

Background:

In 2010, the State of Arizona passed legislation that prevented municipal water providers such as Glendale from collecting on delinquent accounts from anyone other than the person who receives water and wastewater services. As a result of this new law, the Utilities Department changed the policy in September 2010 that the city would only contract with the property owner for service. This was not well received by the realtor associations, and following numerous meetings over the past few months the city has reached an alternative solution that was agreed to and supported by the realtor associations. City staff agreed to review the current deposit requirements for the city's residential and commercial accounts that use the city's water, sewer and sanitation services. The purpose of the analysis was to reassess the amount collected for new residential and commercial water accounts to determine if this amount covers the costs associated with delinquent accounts and the associated water shut-off procedures.

Deposit Structure:

The current deposit fees were established in 1992 and adjusted per the Consumer Price Index Urban Users (CPIUU) beginning in July 2002, with the exception of the commercial deposit of meters measuring up to one and a half inches, which was increased in July 2007. In 1992, this deposit represented two month's worth of the average residential/commercial water, sewer, and sanitation bill. Accounts that become delinquent and require shut-off typically have approximately two months of unpaid water, sewer and sanitation service charges. The deposit would cover the unpaid charges as well as the staff costs associated with turning off delinquent accounts.

In reassessing the average residential monthly water, sewer, and sanitation bills for calendar year 2010 usage, it was determined that the deposit fee should be increased from \$84.20 to \$200 to reflect current costs. For owner-occupied residential accounts, the deposit is refundable to property owners whose account remains in good standing for at least six consecutive months and who submit a written request for a refund. Due to the nature of the rental property accounts, the deposit will be kept until the account is closed and final reconciliation is complete; at that time any remaining funds will be returned to the account holder.

In reassessing the average commercial monthly water and sewer bills for calendar year 2010 usage, the deposit fee should be increased from \$130.98 to \$250 for meters measuring up to one and a half inches and from \$168.42 to \$300 for meters measuring two inches and larger. Deposits for commercial accounts would remain on the account until it is closed.

These proposed deposit amounts for residential and commercial accounts are comparable to other valley cities including Avondale, Mesa, Peoria, and Scottsdale. This increased deposit has no effect on monthly utility bills and is only paid by new customers.

The Arizona Association of Realtors and the West Maricopa County Regional Association of Realtors provided the city letters of support regarding these proposed changes.

City of Glendale

Water Deposit Fee Schedule

Proposed Effective May 16, 2011

Property Type	Proposed Deposit Amount	Current Deposit Amount
Residential	\$200.00	\$84.20
Commercial Meter Up to 1.5"	\$250.00	\$130.98
Commercial Meter 2" and Up	\$300.00	\$168.42

*Deposits are exempt from annual Consumer Price Index increases.



ARIZONA
ASSOCIATION OF
REALTORS

February 16, 2011

The Honorable Elaine Scruggs
% City Manager Beasley
5850 West Glendale Avenue
Glendale, Arizona 85301

Via Facsimile

Dear Mayor Scruggs:

On behalf of the 42,000 plus members of the Arizona Association of REALTORS®, we wish to let you know of our support and appreciation of your staff as we work on an issue of mutual importance – water service and fiscal accountability of the users of that service.

Over the last several months our association, the staffs of several municipalities, industry groups and our local REALTOR® association (WeMAR), have been working in concert to come up with a prudent and fiscally responsible process in order for tenants to be provided water service and to be held accountable in the event that they don't pay for the services they have received. Furthermore, our conversations have encompassed a great many issues as to how the city can protect its resources in a fiscally responsible manner.

It's our hope that the council may soon hear and consider the conversations and ideas that the participants above have worked on for some time now as we believe those ideas balance the city's need to be fiscally responsible with the industry's desire to hold responsible for payment only those who benefit from those services.

As the CEO of the largest trade association in the state, we would like to thank the participants, especially City of Glendale staff, for their respective work on this issue. We respectfully request that you give strong consideration to the ideas and process from our stakeholder meetings.

If you have any questions, please feel free to contact me at (602) 248-7787 or via email at tomfarley@aaronline.com.

Regards,

Tom Farley, CEO

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February 17, 2011

The Honorable Elaine Scruggs and Members of the Council
c/o Mr. Ed Beasley
5850 West Glendale Avenue
Glendale, AZ 85301

Dear Mayor Scruggs and Members of the Glendale City Council:

I am writing today on behalf of the 6,000 REALTORS® the West Maricopa Association of REALTORS® (WeMAR) represents throughout the West Valley. As an association that is located within the City of Glendale and a close neighbor of City Hall, I would like to express our members' appreciation of the recent discussions with staff regarding the utility billing contracting requirements.

WeMAR began discussions related to this topic almost two years ago with City staff and are pleased that the City is considering policy alternatives that foster fiscal accountability and eliminate burdensome requirements. It is through the diligence of City staff and its leaders that this complex issue has been afforded the necessary attention.

WeMAR is hopeful that these discussions will produce a new policy that will allow the city to be fiscally prudent and simultaneously hold the utility user as the ultimate responsible party. We are encouraged by the dedication of the staff to resolve this issue and we look forward to the council's consideration of forthcoming proposed solutions that have resulted from these stakeholder meetings.

Should you have any questions, please feel free to contact me at (623) 931-9294 or rnelson@wemar.org.

Thank you for your time.

Sincerely,

Roger Nelson, CEO