

WATER UTILITIES COMMUNITY FACILITIES DISTRICT  
CITY OF APACHE JUNCTION, ARIZONA  
REGULAR MEETING  
May 3, 2016

The regular meeting of the District Board of the Water Utilities Community Facilities District, City of Apache Junction, Arizona, was held on May 3, 2016 at the Apache Junction City Council Chambers pursuant to the notice required by law.

CALL TO ORDER

Chairperson Insalaco called the meeting to order at 6:00 p.m.

ROLL CALL

Board Members Present: Chairperson Insalaco  
Vice Chairperson Barker  
Mrs. Evans  
Mrs. Rizzi  
Mr. Serdy  
Mr. Waldron  
Mr. Wilson

Staff Present: Bryant Powell, District Manager  
Kathleen Connelly, District Clerk  
Joel Stern, District Legal Counsel  
Giao Pham, Utility Director  
Frank Blanco, District Director  
Donna Meinerts, District Treasurer  
Matt Busby, Assistant City Manager  
Michael Loggins, District  
Superintendent  
John White, District Finance Manager

Others Present: Evie McKinney, Utility Billing  
Supervisor  
Al Bravo, Public Information Officer

DISCUSSION ON PROPOSED DISTRICT  
BUDGET FOR FISCAL YEAR 2016-2017 )

) District Director Frank Blanco stated they will give them a brief overview on the proposed rates, fees and charges, classification and compensation plan, and the date, time and location for the proposed tentative and final budget adoptions. It is basically a review. The water treatment plant will finish construction. One hundred thousand dollars is being budgeted for the replacement of the Well 6 pump assembly, pump and possibly some of the well casing and \$400,000 for the purchase of a generator for the water treatment facility. They are seeing an increase of \$68,600 for Central Arizona Project municipal and industrial charges for the Central Arizona Project water. They are estimating an increase of \$125,000 for electrical costs for the water treatment facility and a decrease of \$100,000 on the water treated by the City of Mesa. There will be a decrease of \$140,000 of a reserve capacity charge paid to the City of Mesa for the treatment of the Central Arizona Project water allocation. There is an increase of \$110,000 for the water being delivered by Central Arizona Project.

Vice Chairperson Barker commented that kind of breaks even.

District Director Frank Blanco stated it is pretty close. They have added a new line item of \$10,000 for water conservation. It will help fund a water conservation demonstration area in the downtown park. It will be in the northeast area of the park. The parks department will go into more detail on it but it is meant to be a space the public will be drawn to where they can sit back and relax. The area will not be heavily-watered or use high water consumption vegetation. It will have some artwork. The idea is to help fund that with this line item. Arizona Water Company will also participate in the project. Future consideration for this area would be for the city to dedicate a water conservation easement for the demonstration area. The easement would restrict high water use landscaping within the area. It would reinforce the city's commitment to water conservation by dedicating a low water use area. The easement would be dedicated to present and future water utilities. The concept retains that design elements of the park and helps fund the park project. In future years the district would budget for water conservation. If the entire design element does not get constructed during the first phase, then it would help build the future phases. The concept

has been based on the approach of the Southern Nevada Water Authority for funding turf removal rebates. They have a program where they pay residents for taking out the turf areas. After the conversion they go from high water use turf to low water use area where they are no longer using grass and high water use plants as well. The easement would have no grass, no sprinklers, no open water and no water features and would be dedicated for low water use and water conservation.

Mr. Serdy asked if the golf course water in Gold Canyon comes from the little sewer they have over there. He asked if we have any opportunities for something like that here since ours is all down the drain and on to the sewer.

District Director Frank Blanco stated he believes that is effluent that is from the treated waste water at that location. The water district and sewer district currently have an agreement wherein the sewer district was treating the water and recharging it. We were purchasing long term storage credits from the sewer district. In the future there is the possibility to blend some of their treated effluent with raw water from the Central Arizona Project Canal. They can treat that sewer water with a higher treatment process and technology to create something blended with some of the Central Arizona Project water at the treatment plant. There is a pipeline there that has been identified for that so the district would be able to capture some of that water treated by the sewer district.

Mr. Serdy asked if the water is always effluent wherever there is an urban lake in Mesa or Phoenix.

District Director Frank Blanco stated not always although many times they are. Sometimes the water is Salt River Project water. It is very seldom Central Arizona Project water because it is more expensive. When cities have a lot of rights for water, such as Tempe for Tempe Town Lake, they choose to use the water as an economic driver and have a lake that draws people in.

Mrs. Rizzi asked what other types of material they are going to use in those areas without grass.

District Director Frank Blanco stated there are several choices and named some facing away from the microphone, and indicated artificial turf could be one.

Vice Chairperson Barker commented they would have to have a vacuum for that.

Chairperson Insalaco commented he has it in his backyard and his dogs love it except it does get hot in the summertime.

District Director Frank Blanco stated there are some other materials such as sand and gravel. There is a proposal but he would like the parks department to present it as it is really cool, creative and artistic with the elements.

Mr. Wilson asked if Arizona Water Company is contributing the same amount as the district.

District Director Frank Blanco stated he believes they are giving a little bit more.

District Manager Bryant Powell stated they have heard a number close to the same but they have not had a commitment just yet. They are working hard to get sponsorships for all over the area for the downtown park. They have committed to at least that amount but he thinks it is a little more. They have not seen anything in writing.

District Director Frank Blanco stated the water conservation easement restricts high water use within the area, reinforces the city's commitment to water conservation and the easement would be dedicated to water utilities present and future. Later they will talk about how it can become a capital asset for the water provider. That is how Southern Nevada Water Authority was able to fund the rebates on the turf replacements. It became land they could bond for.

Mr. Serdy asked if the chairperson had that in his yard and it gets hot.

Chairperson Insalaco commented it does. The dogs will not even go on it.

Mr. Serdy asked if it would be as hot as stone or the same.

Chairperson Insalaco commented it is very hot. The dogs will not even go on it. He cannot walk on it in bare feet. It gets that hot in June, July and August. It gets real hot.

Mrs. Evans asked how long ago his was put down because some of these products are new.

Chairperson Insalaco commented his was put down one-and-a-half years ago.

District Superintendent Mike Loggins stated the district is proposing a base rate adjustment increase of 5%. There will be no change to the consumption rates or the tiers. The base rate was a little below the average among competitive cities of the same size and treatment processes. They are right about at the average rate. The consumption rate is about \$1.00 higher per tier than any other city. As that is higher than the others they have kept that down this year. The rate increase will change the average user bill by an increase of \$1.02 plus taxes for a total of \$1.13. It is 2.7% overall. Arizona Water Company in Casa Grande is having a 29% increase on their rates. The district is trying to stay with a slow rate change between 3% to 5% each year or below as in this year. A family of 5 using 15,000 gallons per month will have an increase of \$1.52 on the base rate plus taxes for a total of \$1.68, overall a 1.3% total increase. It is way lower than what most utilities are asking. Mesa is asking for a 7% increase each year for the next three years. The district is trying to keep the base rate stable so they do not see those huge increases. They took the construction price index and raised each one up on the single family connection fees which is 3.1% affecting new construction only. They have a new fee called the account re-establishment fee. Currently when the winter visitors leave they shut off their water but the district

has to maintain their service and read their meter. They can either stay on and pay the base rate only or they can back charge them for up to 8 months of bills when they come back.

Vice Chairperson Barker commented they back charge them for when they are not here.

District Superintendent Mike Loggins stated that is correct, when they would not be using any water. It is not something new in the community. Arizona Water Company and the sewer district have been doing this.

Vice Chairperson Barker commented they have been doing this for a while. It is not new.

Mrs. Evans commented it will be a shock.

District Superintendent Mike Loggins stated they will have the customer service representatives explain it to the customers. The fees will not become effective until next April although they will be brought out in October. As they come back it will be explained to them so that come springtime they will be aware of the situation and what is going on. The monthly base rate covers the meter reads, the maintenance service to water lines and water mains, the maintenance of the wells, boosters and tanks and maintaining staff levels. Tentative budget adoption is proposed for May 17 and final budget will be May 21.

District Clerk Kathleen Connelly stated May 21 cannot be right.

District Superintendent Mike Loggins stated it should be June 21 at the normal board meeting. He gave an update on the treatment plant, stating they have installed the suction tubes on the existing bridge down on the pumps. They were testing them the other day. They circulated the water and discharged it back to the canal so none was wasted. They wanted to make sure they were getting the correct flow out of each pump.

Mr. Waldron commented it actually worked.

District Superintendent Mike Loggins stated it did.

Mrs. Evans commented it is so nice when that happens.

Mr. Waldron asked who they would talk to if they have questions on the budget.

District Director Frank Blanco stated they will be having one on one meetings on the budget.

District Manager Bryant Powell stated they have completed the one on one meetings for the city and most of them have said they are good. There are other times and Frank can make himself available for further questions.

District Director Frank Blanco stated they can get hold of either him, Mike or John.

Chairperson Insalaco closed the item with no further discussion and moved on to the next item as this was a discussion item only.

RESOLUTION NO. 2016-008, AMENDING  
AND CORRECTING A SCRIVENER'S ERROR  
IN RESOLUTION NO. 2013-003 )

) Chairperson Insalaco  
called for a motion.

Vice Chairperson Barker MOVED  
THAT RESOLUTION NO. 2016-008, A RESOLUTION OF THE BOARD OF  
DIRECTORS OF THE WATER UTILITIES COMMUNITY FACILITIES DISTRICT  
(CITY OF APACHE JUNCTION, ARIZONA) AMENDING AND CORRECTING  
RESOLUTION NO. 2013-003 AS PASSED AND ADOPTED ON THE 17TH OF  
SEPTEMBER 2013; DECLARATION OF INTENT; PROVIDING FOR  
RECORDATION; REPEALING ANY CONFLICTING PROVISIONS; AND PROVIDING  
FOR SEVERABILITY; BE APPROVED.

Mrs. Rizzi SECONDED THE  
MOTION.

VOTE: Unanimous.

The motion carried.

DISTRICT MANAGER REPORT

None.

DISTRICT DIRECTOR REPORT

None.

DISTRICT TREASURER REPORT

District Finance Manager John White stated the sales figures are in for April and they are significantly up from March. It could be seasonal. They had a similar spike a couple of years ago as well. He will advise on more information at a later date.

ADJOURNMENT \_\_\_\_\_ )

) Vice Chairperson Barker

MOVED TO ADJOURN THE MEETING.

Mr. Waldron SECONDED THE  
MOTION.

VOTE: Unanimous.

The motion carried.

Chairperson Insalaco adjourned the meeting at 6:20 p.m.

ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2016,  
BY THE CHAIRPERSON AND DISTRICT BOARD OF THE WATER UTILITIES  
COMMUNITY FACILITIES DISTRICT, (CITY OF APACHE JUNCTION,  
ARIZONA).

SIGNED AND ATTESTED TO THIS \_\_\_\_\_ DAY OF \_\_\_\_\_,  
2016.

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John S. Insalaco  
Chairperson



ATTEST:

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Kathleen Connelly  
District Clerk

WATER UTILITIES COMMUNITY FACILITIES DISTRICT MINUTES  
CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the regular meeting of the Water Utilities Community Facilities District of the City of Apache Junction, Arizona, held on the 3rd day of May, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 2nd day of June, 2016.

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Kathleen Connelly  
District Clerk