

WATER UTILITIES COMMUNITY FACILITIES DISTRICT
CITY OF APACHE JUNCTION, ARIZONA
REGULAR MEETING
May 17, 2016

The regular meeting of the District Board of the Water Utilities Community Facilities District, City of Apache Junction, Arizona, was held on May 17, 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 was absent.)

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: Andria Samuels, Senior Administrative
Assistant
Al Bravo, Public Information Officer

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

) District Director Frank Blanco stated they have gone through some of the details over the last couple of meetings. There will be a base rate increase of 5%, no changes to consumption rates or consumption tiers, the average base rate is at \$21.34 which is very close to the rate Arizona Water Company charges for the Superstition Area and under both scenarios it is less than a 3% overall increase. There is a 3.1% increase on residential system connection fees that does not affect current customers.

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

RESOLUTION NO. 2016-002, DECLARING
AS A PUBLIC RECORD AND ADOPTING
CERTAIN DOCUMENTS FILED WITH THE
DISTRICT CLERK ENTITLED "THE APACHE
JUNCTION WATER UTILITIES COMMUNITY
FACILITIES DISTRICT CLASSIFICATION
PLAN FOR FISCAL YEAR 2016-2017" AND
"THE APACHE JUNCTION WATER
UTILITIES COMMUNITY FACILITIES
DISTRICT COMPENSATION PLAN FOR
FISCAL YEAR 2016-2017")

) District Director Frank Blanco stated this item adopts the district classification and compensation plans for Fiscal Year 2016-2017. It is identical to the city compensation plan. The budget does include a one-step increase.

Chairperson Insalaco called for a motion.

Mrs. Evans MOVED THAT
RESOLUTION NO. 2016-002, A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE WATER UTILITIES COMMUNITY FACILITIES DISTRICT (CITY OF
APACHE JUNCTION, ARIZONA) DECLARING AS A PUBLIC RECORD AND
ADOPTING CERTAIN DOCUMENTS FILED WITH THE DISTRICT CLERK
ENTITLED "THE APACHE JUNCTION WATER UTILITIES COMMUNITY
FACILITIES DISTRICT CLASSIFICATION PLAN FOR FISCAL YEAR 2016-
2017" AND "THE APACHE JUNCTION WATER UTILITIES COMMUNITY

FACILITIES DISTRICT COMPENSATION PLAN FOR 2016-2017" BE
APPROVED.

Vice Chairperson Barker

SECONDED THE MOTION.

VOTE: Unanimous.

The motion carried.

PUBLIC HEARING ON PROPOSED BUDGET
AND RATE SCHEDULE FOR FISCAL YEAR
2016-2017

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Chairperson Insalaco

opened the public hearing on the item. There being no one
wishing to speak, he closed the public hearing. As this was a
public hearing only with no action to be taken, he moved on to
the next item.

RESOLUTION NO. 2016-005, ADOPTING A
PROPOSED BUDGET FOR FISCAL YEAR
2016-2017, ADOPTING PROPOSED RATES,
FEES, DEPOSITS, WATER RESOURCE
ACQUISITION FEES AND CHARGES AND
ESTABLISHING A PUBLIC HEARING
ON THE PROPOSED BUDGET

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District Director Frank

Blanco stated this resolution adopts the proposed budget, rates,
fees, deposits, water resource acquisition fees and charges and
establishes a public hearing on the proposed budget. The date,
time and location for the proposed budget has been scheduled for
June 21, 2016, at 6:00 p.m. here in the city council chambers.

Chairperson Insalaco called
for a motion.

Vice Chairperson Barker MOVED
THAT RESOLUTION NO. 2016-005, A RESOLUTION OF THE BOARD OF
DIRECTORS OF THE WATER UTILITIES COMMUNITY FACILITIES DISTRICT
(CITY OF APACHE JUNCTION, ARIZONA), PURSUANT TO A.R.S. § 48-716,
ADOPTING A PROPOSED BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1,
2016 AND ENDING ON JUNE 30, 2017; ADOPTING PROPOSED RATES, FEES
DEPOSITS, WATER RESOURCE ACQUISITION FEES AND CHARGES APPLICABLE
FOR THE FISCAL YEAR BEGINNING JULY 1, 2016 AND ENDING ON JUNE

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30, 2017; ESTABLISHING A PUBLIC HEARING ON THE PROPOSED BUDGET; AND DIRECTING STAFF TO SOLICIT COMMENTS FROM THE CITY OF APACHE JUNCTION ON THE PROPOSED ANNUAL BUDGET BE APPROVED; AND

I FURTHER MOVE THE PUBLIC HEARING FOR THE FINAL BUDGET ADOPTION BE HELD ON JUNE 21, 2016 AT 6:00 P.M. IN THE APACHE JUNCTION CITY COUNCIL CHAMBERS, 300 EAST SUPERSTITION BOULEVARD, APACHE JUNCTION, ARIZONA.

Mrs. Rizzi SECONDED THE
MOTION.

VOTE: Unanimous.

The motion carried.

DISTRICT MANAGER REPORT

None.

DISTRICT DIRECTOR REPORT

District Director Frank Blanco stated the 2016 Water Festival had four schools participate with one from Mesa. They had thirteen classes with about 400 fourth grade children. They had over 45 volunteers.

Chairperson Insalaco commented at least he did not get wet this time.

Vice Chairperson Barker commented she did.

District Director Frank Blanco stated the 89th Annual Arizona Water Association Conference was attended by over 1,700 water professionals. Mike Loggins gave a presentation at the conference on our transition from groundwater and treated surface water from the City of Mesa to the city's first water treatment plant. This was the second presentation in a row on the water treatment plant and it was very well done. It was to a standing room only crowd. There was lots of interest in the plant by all of the attendees. They hope to have a grand opening someday and an operators section where they can bring some of the professionals in and show them around. He is very proud of the project. He stated the 2015 Consumer Confidence

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Report is due towards the end of June. It is also called the water quality report. It includes sample results and any exceedences. It will be available online and on paper copies. This year they will be reporting a positive report on the total coliform which was sampled several months ago. It was resampled and it came back with a total absence of total coliforms. The first one showed there could be something there and with additional sampling it came back with no presence. Sometimes there are factors such as possibly during that day, as it was windy and raining, the sample being contaminated. The report also includes water facts like source water assessment and where the water comes from. It is a good report with a lot of good information in it. They hope to have that available sometime next month.

District Superintendent Mike Loggins stated they have installed about 370' of six-inch pipe for a water line in place at the downtown park. They have two tie-ins that they will have to do but they have to get approval from Arizona Department of Environmental Quality before they can actually tie them in. They have worked with Arizona Water Company for the last week, pricing some people out in the park area. By mid-June they should have the underground work wrapped up.

Chairperson Insalaco commented very good. People are beginning to notice something happening. They want to know what is going on and what is being built. He has advised them they are not building anything; it is the park.

District Superintendent Mike Loggins stated the water treatment plant is progressing on time within the approved budget. They plan on finishing it in August and they are currently training for each individual component. They have their lead operator and a temporary employee that will help them start up the plant who will be on board with the district for six months. They have a good team out there and it is moving forward quickly. He commented they had some discolored water a week ago in the system. They had an upset at the arsenic treatment facility that put a little bit of iron into the system. It turned the water yellow. They did receive some complaints from about a half dozen customers. They flushed the water lines and cleaned them. They went out and verified there was nothing wrong with the water. It was just yellow because of the iron levels in it. Everything is back to normal and the system is moving along.

They talked to the customers and everyone seems happy out there. It happens every once and a while. When they flush the mains it actually stirs up more dirt in the water. They had to mitigate some of those issues while they were doing it.

Mrs. Rizzi thanked him for explaining that.

District Superintendent Mike Loggins stated he thought they might have heard about it last week. He showed them some pictures.

Mr. Waldron asked what it was.

Chairperson Insalaco commented it looks cool.

District Superintendent Mike Loggins stated that was taken at the Cactus Water Treatment Plant. It is inside the building.

District Manager Bryant Powell stated he is grateful the water district and Arizona Water have worked together for the savings to the taxpayer, to get the easement done, to get the water line out of the park area and out in front so that whatever is put on that land eventually is done. It saved a tremendous amount of dollars. It could have been \$50,000 and we are spending \$15,000. It is a tribute to Frank and his staff and everyone else involved as well as Arizona Water. They are also working on a water conservation area in the northeast part of the park. They are starting to schedule meetings to have Liz give them an update on where they are at with the final design. He asked that they keep them posted if they have any questions.

Mrs. Rizzi commented it is just one more example of why partnerships are so important.

DISTRICT TREASURER REPORT

District Finance Manager John White stated the base revenues have shown an increase this month. Sales continue to increase over the prior year. They are \$155,000 more in the overall revenues over last year. The noncapital expenditures are up incrementally from salary increases, the class and comp study, vacancies filled and a termination payout. Net operating revenue is up \$130,000. Debt services have increased as we draw down more on the loan. Residential sales are not as high as

they were two years ago and consumption is up marginally. Part of that is the base rate has helped to stabilize the revenue base. Nonresidential revenues are up a little bit more than last year. Other charges are down a little bit which includes establishment charges and late payment fees. Possibly fewer people are paying their bills late. Surface treatment plant expenditures are up; they paid about another half million to Garney last month, another \$25,000 to Carolla Engineers and there were some other incidental charges such as rock/gravel charges for the outside area of the plant and material testing. They are at about \$9.5 million now.

Mr. Waldron commented he likes the way this is being presented. It is very useful.

District Manager Bryant Powell stated good job.

ADJOURNMENT)
) Chairperson Insalaco
adjourned the meeting at 6:18 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.

John S. Insalaco
Chairperson

ATTEST:

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 17th day of May, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 7th day of June, 2016.

Kathleen Connelly
District Clerk