

WATER UTILITIES COMMUNITY FACILITIES DISTRICT
CITY OF APACHE JUNCTION, ARIZONA
REGULAR MEETING
April 18, 2017

The regular meeting of the District Board of the Water Utilities Community Facilities District, City of Apache Junction, Arizona, was held on April 18, 2017 at the Apache Junction City Council Chambers pursuant to the notice required by law.

CALL TO ORDER

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

ROLL CALL

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

(Mrs. Rizzi was absent.)

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

Others Present: Evie McKinney, Utility Billing
Supervisor
Al Bravo, Public Information Officer
Andria Samuels, Senior Administrative
Assistant

APPROVAL OF MINUTES OF MEETING OF
FEBRUARY 21, 2017)

) Chairperson Serdy called
for a motion.

Mrs. Barker MOVED THAT THE
MINUTES OF FEBRUARY 21, 2017, BE APPROVED.

Mr. Waldron SECONDED THE
MOTION.

VOTE: Unanimous.

The motion carried.

SELECTION OF DATES, TIMES AND
LOCATIONS FOR BUDGET WORK SESSIONS,
TENTATIVE BUDGET ADOPTION AND FINAL
BUDGET ADOPTION FOR FISCAL YEAR
2017-2018)

) District Director Frank
Blanco briefed the board on the item.

Vice Chairperson Wilson MOVED
THAT THE FOLLOWING DATES, TIMES AND LOCATIONS FOR FISCAL YEAR
2017-2018 BUDGET WORK SESSION(S), TENTATIVE BUDGET ADOPTION AND
FINAL BUDGET ADOPTION BE APPROVED: BUDGET WORK SESSION ON MAY
2, 2017 AT 6:00 P.M.; TENTATIVE BUDGET ADOPTION ON TUESDAY, MAY
16 AT 6:00 P.M. AND FINAL BUDGET ADOPTION ON TUESDAY, JUNE 20 AT
6:00 P.M., ALL OF THEM DONE IN THE CITY COUNCIL CHAMBERS.

Mrs. Evans SECONDED THE
MOTION.

VOTE: Unanimous.

The motion carried.

DISTRICT MANAGER REPORT

None.

DISTRICT DIRECTOR REPORT

District Director Frank Blanco briefed the board on the 2016 Annual Report for Arizona Department of Water Resources and the 2016 Annual Water Quality Report.

Vice Chairperson Wilson asked if the groundwater usage will go down now that they are using mostly Central Arizona Project water.

District Director Frank Blanco stated that is correct. He continued with his briefing.

Chairperson Serdy asked if the wells are at the same level as when the wells were being used heavily. He asked if they went down and have now come back up. He asked if they fill in like a seep of a spring.

District Director Frank Blanco stated they have not seen a significant increase as of yet. Part of the reason is they are taking water from the same aquifer that Arizona Water Company is. Even though they have reduced the pumping overall in the Apache Junction area there has not been a significant reduction in groundwater pumping.

Mr. Struble asked how often they would be shutting the plant down for maintenance.

District Director Frank Blanco stated the plan is to shut it down at least once a year unless they need to do it more often than that. There is a planned shut down for Arizona Project in 2019 so they will do extensive maintenance as well.

Mr. Struble asked how long it would be shut down.

District Director Frank Blanco stated it has been down since Monday and the plan is to bring it back up tomorrow.

Mr. Struble commented it would be down two or three days.

District Director Frank Blanco stated that is correct. He continued with his briefing.

Senior Administrative Assistant Andria Samuels briefed the board on the annual water quality report.

Mr. Struble asked if they had to do the second quarter testing 30 days after January 12 or 30 days after March 15.

Senior Administrative Assistant Andria Samuels stated it was 90 days after January 12.

Mr. Struble commented that takes care of the one we missed originally.

Senior Administrative Assistant Andria Samuels stated that is correct.

Mr. Struble commented they would have had to have done one on March 15 and again in April.

Senior Administrative Assistant Andria Samuels stated that is what they did. They did it in March and for second quarter they did it in April. She continued with her briefing. She then briefed the board on the upcoming water festival.

Mr. Struble asked what kind of things the board would have to do if they volunteered.

Senior Administrative Assistant Andria Samuels stated it would depend on his experience and comfort level. He would work with another person to teach one of four subject areas: conservation, water cycle, watershed or groundwater. They are half hour sessions and they are all scripted out. They spend five minutes at each one. The kids are fourth graders.

Mr. Struble asked if they get to spray them with water.

Senior Administrative Assistant Andria Samuels stated if the fire truck is not able to attend she is thinking that is the direction they will go. Because of the other events the fire trucks are trying to make it out there. They are not sure if they will be able to attend. She is coming up with a contingency plan.

Chairperson Serdy asked if there is always about the same amount of kids.

Senior Administrative Assistant Andria Samuels stated that is not the case. They have been expanding. This is the sixth annual festival. When they started they had three schools and about nine classes. It varies. This year they will have four schools with fourteen classes. They will be splitting from three color areas to four color areas in order to keep the groups manageable. Next year Avalon Academy intends to attend, taking them to five schools and sixteen classes. The plan is to keep on growing.

Vice Chairperson Wilson commented it is a lot of fun.

Utility Billing Supervisor Evie McKinney gave an update on the billing process.

Mr. Struble asked what the percentage is of people who are late versus those that quit.

Utility Billing Supervisor Evie McKinney stated out of their five zones they typically have about 10 to 12 people every week. In zones 4 and 5, because there are more, that could be as many as 20 to 25.

Mr. Struble asked approximately how many customers are in each zone.

Utility Billing Supervisor Evie McKinney stated on average there is about 850 to 900.

Mr. Struble commented it is not a big percentage.

Utility Billing Supervisor Evie McKinney stated it is really not. They have a lot more penalties that go out, but on the grand scheme of things it is about 2% of our entire revenue. It is not bad.

Mrs. Evans commented she understands how they came up with \$120 for a deposit. She recently became a customer again as she just moved again. She found that when changing all her utilities over that the district has the highest deposit. She just went through this in Prescott, too. Even up there, if she produces a letter from Salt River Project that she was in good credit, they just turned her gas on, her water on and Arizona Public Service

Water Utilities Community Facilities District

Meeting Minutes of April 18, 2017

Page 5 of 11

did the same thing. It has been several years since any of her transactions were done that she had to produce her closing statement. Years ago we had to do that almost on any property but everybody has kind of stopped doing it. But we are still doing it. The one conversation she had with Frank was to the effect that the district has a lot of people that try to get felonious accounts turned on at a house. She knows that it happens and this person quit paying but they are going to put it on in someone else's name. But she thinks it is wrong to assume that of everyone that is signing up. It makes her feel like asking if this is a down and out type of company. Compared to everybody else she has had to deal with, it was the hardest and highest fee.

Utility Billing Supervisor Evie McKinney stated she was glad she brought that up. It is a great point. One of the reasons they charge a deposit that is higher than other utilities is if they contact Salt River Project and you have been a customer of theirs but have moved away for two years but then go back and are still in good standing, you can avoid those establishment fees by offering them your social security number. She knows that other utilities request that as well. If you give them that, you do not have to give the deposit but the purpose of that is that they are contracted with collection agencies so if you up and skip, they do not care if they do not have a deposit from you. They will contact their credit agency or collection agency to come after you for that money. We do not have that resource right now. She does not know if they have enough customers to warrant that. It is quite expensive. She and John have entertained that a little bit. They feel the \$120 deposit is fair. It does seem like a lot especially when people are comparing them to other utility companies. That is what they explain. They do not ask for the social security number. That puts a lot of people at peace.

District Manager Bryant Powell stated it is absolutely a public policy decision on this. The district's perspective is that. They have heard it from a staff perspective but they work with the board on it. If that is what the board feels like then they need to talk about it some more. That is what water boards and city councils decide. Just because staff says it is fair it may not be. They need to know what they think. He is not saying they recommend changing it. He is actually saying no, they want

to keep it the same. If there is some other methodology or system, they are open to that as well. It is a public policy decision from the board standpoint. He does not know if they want them to do some more research or find out what all the other systems are doing. He would also like to include the column about securities and other avenues that are being asked about.

Mr. Waldron commented there are a lot of people reluctant to give out their social security number these days.

Utility Billing Supervisor Evie McKinney stated very much so.

Mr. Waldron commented he would not do it.

Mrs. Evans commented she thinks all they want is the last four digits. They really do not ask for the whole thing. But her point is on one hand she was made to feel like she was down and out and she had to prove that she was buying this house. On the other hand she is being asked to pay the highest fee. It was like a mixed message. It was really uncomfortable.

Utility Billing Supervisor Evie McKinney stated it is best to come from our board members than our customers. They have something they can look at.

Mrs. Barker commented as she listened to Evie's presentation, basically what they are doing is recouping the funds that they would not get were people to skip out. They are giving the \$120 back to those who are there for x amount of months. Her question was if a person gets their \$120 back if they have been a consistent customer for 12 months. As long as people continue to receive that deposit as they have consistently paid their bill she does not see a problem with it. She suggested the presentation at the counter could be a little more user friendly.

Utility Billing Supervisor Evie McKinney stated she neglected to add that part. When they are talking about that deposit they do say after 15 months of on time payment or if they move out before the 15 months, whatever their final bill is deducted from that. They are refunded the difference. They are getting it back if they are less than 15 months.

Mrs. Evans commented she was just wondering because of low income families and that. She asked if there is payment basis on that. They have just moved and to come up with deposits just to get water and they have to have water.

Utility Billing Supervisor Evie McKinney stated there is not any kind of discounted program. There are some organizations within the city they can recommend that they contact. Those organizations have helped a lot of their customers out over time.

Mr. Waldron asked if they have ever not given someone water service if they could not afford the \$120.

Utility Billing Supervisor Evie McKinney stated she did not believe so. Every case is different and they have to look at things with a heart, not just policy. They want to be a company they are proud to be a part of.

Mr. Struble asked if someone asks for assistance from the city according to what she just said does the city ask for proof of income or how that would work.

Utility Billing Supervisor Evie McKinney stated they give them the resource numbers they have and ask them to contact those organizations.

Mr. Struble commented those organizations would pay the deposit.

Utility Billing Supervisor Evie McKinney stated that is correct.

District Superintendent Mike Loggins briefed the board on how they do shut off day and how things are assessed there.

Mr. Waldron asked what happens if a person disagrees with the amount, that they do not think they have used that much. He asked what the process is for that.

District Superintendent Mike Loggins stated they do have that occasionally. They think the meter is off. They can ask to have the meter checked to make sure it is reading correctly. Typically a meter does not speed up, it will slow down. Over time they get 500,000 gallons or a million gallons and they both

Water Utilities Community Facilities District

Meeting Minutes of April 18, 2017

Page 8 of 11

go down. If they do test it, they will charge them for testing it if it comes back that it is accurate. If not, they change out the meter and estimate their account from what they would normally use.

Mr. Waldron commented he thought there was a situation where a meter zeroed out at Raindance Mobile Home Park.

District Superintendent Mike Loggins stated some meters only have up to six digits on it. After it goes through 999,999 it rolls over and starts again back at zero. They have had that instance happen at a trailer park.

Mr. Waldron commented that then creates a billing error.

District Superintendent Mike Loggins stated that is correct because it is looking for that 10 and it sees that did not happen. They have to go in and manually correct some of those things.

Mr. Waldron commented his got vandalized so they replaced it.

District Superintendent Mike Loggins continued with his briefing.

Mr. Struble commented they would be shutting the water off for someone in April and the same couple comes back in October. They move into the same residence. He asked what would happen if it was under the husband's name in April and the wife opens it up under her name in October. It is not the same name but it is the same residence. He asked if they would still be charged the back fees.

District Superintendent Mike Loggins stated if she was originally on the account they would.

Mr. Struble commented he understands there are overhead costs but why is there a charge if the meters are not being used and there is no water flowing to the residence. If he moved out in April and Gail moved in in October they would not collect any back fees.

District Superintendent Mike Loggins stated that is correct. They would not be able to do anything about that. Unfortunately they have that situation happen all the time but usually they would be selling the house and someone else would come in right after. They do have some that are vacant for five months to two years. They have about a quarter of their customers leave and unfortunately some of the things there cannot be shut off in the summer. The system has to be maintained and things replaced so they are prepared for all that stuff. Those are some of the fees they are trying to recoup that they have not been able to do in the past.

Mr. Struble commented he understands the reason for it. He just wonders how many circumvent the process by those ways.

District Superintendent Mike Loggins stated so far they have not had too many. A lot of customers pay six months up front because they knew they would be gone that long. Some request they be billed monthly.

Mr. Struble commented it is not an exorbitant amount of money. He comes from up north so he understands how those people think.

Utility Billing Supervisor Evie McKinney briefed the board on the payment portal.

DISTRICT TREASURER REPORT

District Treasurer Donna Meinerts briefed the board on the financials for the water district through March 2017.

ADJOURNMENT)
) Chairperson Serdy adjourned
the meeting at 6:48 p.m.

ACCEPTED THIS _____ DAY OF _____, 2017,
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 _____,
2017.

Jeff Serdy
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 18th day of April, 2017. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 2nd day of May, 2017.

Kathleen Connelly
District Clerk