

WATER UTILITIES COMMUNITY FACILITIES DISTRICT
CITY OF APACHE JUNCTION, ARIZONA
REGULAR MEETING
September 19, 2017

The regular meeting of the District Board of the Water Utilities Community Facilities District, City of Apache Junction, Arizona, was held on September 19, 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
 Rita Vineyard, Administrative Assistant
 Al Bravo, Public Information Officer

APPROVAL OF MINUTES OF JUNE 20,
2017 _____)

) Chairperson Serdy called
for a motion.

Mr. Waldron MOVED THAT THE
MINUTES OF JUNE 20, 2017 BE APPROVED.

Vice Chairperson Wilson
SECONDED THE MOTION.

VOTE: Unanimous.

The motion carried.

CONCEPT TO INCLUDE ADVERTISEMENT
INSERTS IN WATER BILLS)
) District Director Frank
Blanco briefed the board on the item.

Mr. Waldron asked who would
pay for the printing.

District Director Frank
Blanco stated the advertisers essentially end up paying for the
printing and reproduction of the ads that get inserted. The
City of Mesa sells ads to businesses that want to advertise
through the inserts in the water bills.

Mr. Waldron asked if
competing businesses could be in the same envelope.

District Director Frank
Blanco stated it is his understanding that they can. If they
want to participate the policy is they have to be a City of Mesa
business or have a presence in the City of Mesa.

District Clerk Kathleen
Connelly stated there is a big difference between a business
that is located in the City of Mesa as opposed to a business
from Phoenix who is doing business in the City of Mesa. She
asked if they make a distinction.

District Director Frank
Blanco stated it is his understanding there is a difference for

them. They have to be a business that is located in the City of Mesa is what he was led to believe.

Mrs. Evans asked if they need to do any kind of a disclaimer that would state we do not recommend or do something that shows there is no conflict like we are promoting one type of business over another if a reverse osmosis company wanted to advertise.

District Director Frank Blanco stated the small print underneath the advertisement does exactly that. It is a disclosure. It is hard to see because it is pretty small.

Assistant City Manager Matt Busby stated this is not necessarily a concept staff is recommending. They were asked to look into it and bring it forward. Vice Chairperson Wilson has seen it in a billing in one of his properties over the years. Staff did look into it a couple of years ago and they have additional information above that already on hand.

Vice Chairperson Wilson commented he said they cover the printing costs. He asked if there are additional funds set aside for sending out the bills and things like that or is it just the cost of the printing.

District Director Frank Blanco stated when he talked to the gentleman from the City of Mesa he was very cautious about the amount of weight that will be inside the envelope so it does not raise or increase the postage. That is a concern for them. He warned him about making sure it pencils out because if you have a situation where you are paying more to mail these advertisements than the amount you are getting back for advertising it will not work. It would cover the ads themselves and any additional postage required to mail it out.

Mrs. Evans asked if they would make money.

District Director Frank Blanco stated that is the big question. He continued his briefing and added they can ask more questions afterwards.

Chairperson Serdy commented he is concerned that it could get too cluttered. He has a shop that sells firearms and he is a National Rifle Association member. His insurance is through them and he gets stuff from them all the time. He throws it away. Once a year his insurance bill is in there. He asked if there is any chance someone will look at it and decide it is just a bunch of ads and throw their water bill away. He asked how they would differentiate between what is a bill and the other stuff.

District Director Frank Blanco stated it comes in a City of Mesa envelope that is their normal water bill. This is an additional insert in that same water bill. He understands there could be a danger in that it is just another ad. He does not know the answer to that but it is a good point.

Chairperson Serdy commented he has started getting some bills that say "your statement enclosed". He would think that should be on top of there, that there is a statement inside so you do not think that it is just advertising.

District Clerk Kathleen Connelly stated they would need to reprint the envelope.

Mrs. Evans commented if they do not pay, Frank will turn their water off.

Vice Chairperson Wilson commented then they find out real fast.

Chairperson Serdy commented they can go to Fry's and get gift certificates to pay or else they get shut off immediately. Someone actually tried to hit him with that scam a few weeks ago. They were so convincing but it was with Salt River Project. They were saying he was going to be shut off this weekend and they had lost his bills. Although it was not his fault they wanted him to come and give

them some money right now. He went right down to Salt River Project and they got right on it. It is off the subject, obviously.

District Director Frank
Blanco continued with his briefing.

District Clerk Kathleen
Connelly asked if Mesa allows political advertisements.

District Director Frank
Blanco stated they do not.

District Clerk Kathleen
Connelly stated she remembered getting something once in the mail with the face of one of our perennial candidates that came with one of her bills.

Chairperson Serdy commented they recently had a meeting in the Royal Palm area and one of the questions was how do they let people know and toyed with the idea of dropping a notice into the water bill. He asked how they would target certain areas. He asked if it was legal and who would choose what was worthy of being in there and what was not.

District Counsel Joel Stern
stated that would probably be the city manager. It would probably come down to a policy decision on what they want to use the billing process for. That includes advertising. They could certainly do it. They could also do announcements for meetings. But they need to remember this is the water board. He does not think they could put in things for the City of Apache Junction. There might be some budgetary and auditing issues there.

Mrs. Evans commented it is
the district.

District Counsel Joel Stern
stated that is correct. It is a separate district. It is not the city. There might be some confusion with that so there would be confusion with their now having a water department. Some people already think that. A lot of people actually do.

It would be a city manager decision on what could go in the envelope and how often it would go with the bills.

District Clerk Kathleen Connelly asked if they have to allow other meeting announcements that might not be social or whatever if they allow it, such as a meeting announcement or something, in one instance.

District Counsel Joel Stern stated it would depend on what sort of meeting notices they are sending. If they are actual social events, announcing boys and girls club events, then he would agree they would probably have to expand that to other social groups.

Chairperson Serdy commented he remembered back to when they had the G.A.I.N. That would have been a possibility.

District Manager Bryant Powell stated he takes a different perspective for the city standpoint. In the last Manager's Minute, he had J.C. out there and he is working on Geographic Information Systems. In that system if they ever needed to communicate with a polygon or a circle they could draw that out and work with Larry's department on that. How they communicate and do that, they could definitely have that. He does not know if he would recommend it through the water district at all because he thinks they are talking about one-fourth of our city here. We are at 20,000 households. We are somewhere around 4,300 for the water district. We would work through the city's efforts on that.

Mr. Waldron commented he has already seen this as going down the way of advertising on city vehicles. It looks like a complicated mess to do all that and get involved in what ad is appropriate and which one is not. There would be staff time involved and all that stuff with the number of bills we send out. That is just his feeling.

District Director Frank Blanco stated that has been brought up.

District Manager Bryant Powell stated the fire district is still dealing with that. If

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you have a conversation with Banner, Banner execs, ask them about that. They will talk about that process. They will say they did not know. Remember when they went through that process about five years ago and they were advertising for who could be on the truck and Mountain Vista got it. He thinks the bid was \$80,000 over a four year period, which was great, but the feelings still linger five or six years longer on the hospital that is in town. They tell him they did not know about it so they did not respond. He just thinks that could potentially be one thing with the businesses. The other thing to remember is that businesses are already advertising. They have a limited budget on their advertising. We found out when we worked with Steve Filipowicz a few years back on advertising dollars across the city. A group came in and did videos for them that were paid through other advertising dollars, not the city. From the city's standpoint it became a great deal. What ended up happening is people started taking the advertising dollars in their budgets here and cutting checks to the National League of Cities or whoever that was. He thinks it was a contractor.

Assistant City Manager Matt Busby stated he thinks it was but he does not remember the name.

District Manager Bryant Powell stated it was something like that. They cut the check and the city was out of it. They cut their advertising dollars check here but what ended up happening on the other side was he started hearing from other groups questioning what the city was doing. He asked what they meant. They said the videos they were advertising were not going to them, it was going to that video. That is one of the things that could come up on here. They will see this as an opportunity to use advertising dollars but they will not somewhere else.

Mr. Waldron commented large print giveth and small print taketh away. He asked for a show of hands as to who reads fine print.

Mrs. Barker asked who reads the advertisements that come in the mail.

Mrs. Evans commented she has thrown every advertisement she ever got away. She never even looked at them.

Mrs. Barker commented she has, too.

Mrs. Evans commented but if they can make money on them that is good.

Chairperson Serdy commented if he buys a magazine the first thing he does is rip those out of it. They keep the pages from turning.

Mr. Waldron agreed.

District Director Frank Blanco continued with his briefing.

Mrs. Barker commented let us stick to treating and delivering water of the highest quality and keeping the prices down as much as we can.

District Director Frank Blanco continued with his briefing.

Mrs. Barker commented they would need an advertising sales representative.

District Director Frank Blanco agreed. He continued with his briefing.

Mr. Waldron commented his feeling is to focus on the mission critical water issues and leave looking at this at a future date. He does not see where it would change in the future.

Mrs. Barker agreed.

Vice Chairperson Wilson commented when he brought it up it was just something to look into to see if there was an advantage. He had even mentioned if it is going to require additional employment or work and

everything it is not worth it. He thinks he has answered all his questions on that and he agrees with Mr. Waldron and Mrs. Barker.

District Director Frank Blanco stated the district feels that it is a good idea. It is a good concept. Whenever we grow, when that does happen and they are able to reach a greater number of individuals and businesses that would advertise, that might be a time to revisit it.

Mrs. Evans commented if there was a company that just does this and could provide everything, but to add personnel for this, the water company is not an advertising company. If an advertising company offered it to the district with no additional cost to us, and we made money on it, then it would be to go ahead and try it.

Chairperson Serdy asked if Mesa had already started it.

District Director Frank Blanco stated they have.

Chairperson Serdy asked for how long they had been doing it.

Vice Chairperson Wilson commented they have been doing it for several years.

District Director Frank Blanco stated he believed they started in 2009 or 2010 per the gentleman he spoke with this morning. With their size it has worked for them.

Chairperson Serdy commented we probably have some staff that live in Mesa. He suggested they could bring a bill in and show them what it looks like.

District Manager Bryant Powell stated they can look at that over time if they grow.

Mrs. Evans commented Mesa owns their own water company.

Assistant City Manager Matt Busby stated the first image he showed was a scanned image of some of their actual advertising.

District Director Frank Blanco stated it was an example of their bill.

Assistant City Manager Matt Busby stated it is what they actually get. They just stuff the bill.

Vice Chairperson Wilson commented they are very lightweight so they do not have to increase the postage.

DISTRICT MANAGER REPORT

None.

DISTRICT DIRECTOR REPORT

District Director Frank Blanco gave the board a brief overview of water quality.

Mr. Struble commented he understands that 85 parts per billion of total trihalomethanes is a small amount and it is nothing to be worried about. He asked if it is something that stays within the water pipes and the infrastructure or does it clean out as it goes along.

District Director Frank Blanco stated it is in the water that is delivered and is only there for the period of time for the water to be consumed or flushed out. It does not stay on the pipe or the plumbing fixtures.

Mr. Struble commented people in their homes do not have to worry about it. Whatever is staying in their homes continuously gets flushed out.

District Director Frank Blanco stated that is correct. It is not like lead and copper that cause problems with the pipes. He continued with his briefing on water quality standards for non-project water.

Mr. Struble asked what the Metro district is.

District Director Frank Blanco stated Metro Water District is the water district north of Tucson. They are responsible for delivering water to a small area. He continued with his briefing.

District Superintendent Mike Loggins gave a quick update on the meter replacement program.

Chairperson Serdy asked what the cost of a meter is.

District Superintendent Mike Loggins stated the cost of a meter is about \$100. They have to remove the existing one and replace it. It is not all that expensive in the scheme of things.

Chairperson Serdy commented it is way cheaper than a gas meter. He knows that they are very expensive.

District Superintendent Mike Loggins continued with his briefing.

Mr. Struble commented the customers that complained were probably not satisfied. He asked if they eventually came to understand what took place.

District Superintendent Mike Loggins stated some of them do understand it and some of them are saying there is no way. As you can see, after getting a real high water bill for two months they went out to see what they can turn off or change. They then see that it is now only double instead of quadruple what it was. They see something is happening and they see the need to do something themselves to lower their water bills. It has benefitted them.

Chairperson Serdy asked if large, commercial users have the same type of meter.

District Superintendent Mike Loggins stated their meters are a little different and tested a little differently. They did 2" meter change out programs about two years ago and noticed a huge benefit in that, also. It almost doubled the amount of water they were receiving. A huge trailer park receives the most amount of water so the district received the most benefit in changing those meters out. They also have a large meter replacement program they have been working on. He then briefed the board on the account re-establishment fee.

Mrs. Evans asked what the base fee is.

District Superintendent Mike Loggins stated it is around \$25 for a 5/8 or 3/4 meter. He continued with his briefing. He then gave them an update on the water system.

Mr. Struble commented coming from the sewer district, they had great germs they had to speak about every month. He asked if there is something that can be done with the algae so it would not cause issues with the water in there so they would not have to have staff clean it out all the time.

District Superintendent Mike Loggins stated there are certain things they can do and that is what they hired Carollo to find out about. That is part of the study. Some of it is organics in the water. When chlorine is added to the water it kills it off and takes care of some of those issues. They are looking into it. Central Arizona Project does not guarantee the quality of water that is delivered. We are involved in that wheeling agreement that Frank talked about earlier where they will determine what water quality can actually be put into the canal. They can install different treatment processes in the raw water basin. They can add chemicals to treat that before it hits the plant. This is something new to them and it is the worst they have seen in five years. They need to analyze how much they want to do up front. There are treatments that can help, they have different strainers and different companies they are working with to resolve this.

Mr. Struble asked if that had anything to do with it being a hotter summer or anything like that.

District Superintendent Mike Loggins stated they are not really sure. At first it is like a mush or grassy thing that sticks. As it goes through the strainer it turns into a long strand like a piece of hair and changes its formation and gets stuck in a different way. It is an unusual type of algae they are having. They are trying to get through it and resolve some issues. He believes in February he will be doing a presentation to AZ Water Conference staff on the algae and the different things they can do to treat it. He will update them as they get further into the process. He continued with his update on the water system.

Mrs. Barker asked what will happen to the 1,000,000 gallon tank that is not being coated. She asked if it is being replaced.

District Superintendent Mike Loggins stated they are holding off on doing the rehabilitation on it until next year. They are doing the two 500,000 gallon tanks this year.

Mrs. Barker asked if they will be draining the 1,000,000 gallon tank.

District Superintendent Mike Loggins stated they pump them down as low as they can so they do not waste any of the water. In the two 500,000 gallon tanks, they are 24' tall so they pump them down to 4'. Once they get down to 4' they get a vortex in them and they start sucking air. They cannot put air into the system so they have to stop it at that point. They drain them the rest of the way from there. If they have seen water going down 16th Avenue over the last couple of days, that is where it comes from.

Utility Billing Supervisor Evie McKinney introduced new Administrative Assistant Rita Spicer Vineyard to the board and gave an update on the payment portal. She then briefed the board on a shut-off avoidance pilot program that started in May.

Chairperson Serdy commented they do not take payment in Fry's gift certificates.

Utility Billing Supervisor Evie McKinney stated they do not.

Mr. Waldron commented the new website looks good.

DISTRICT TREASURER REPORT

District Treasurer Donna Meinerts briefed the board on the monthly financial statement that goes through the month of August.

ADJOURNMENT)
) Chairperson Serdy adjourned
the meeting at 6:55 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 19th day of September, 2017. I further certify that the meeting was duly called and held and that a quorum was present.

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Dated this 2nd day of October, 2017.

Kathleen Connelly
District Clerk