

WATER UTILITIES COMMUNITY FACILITIES DISTRICT  
CITY OF APACHE JUNCTION, ARIZONA  
REGULAR MEETING  
January 16, 2018

The regular meeting of the District Board of the Water Utilities Community Facilities District, City of Apache Junction, Arizona, was held on January 16, 2018 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. Evans  
Mrs. Rizzi  
Mr. Struble  
Mr. Waldron

(Mrs. Barker was absent.)

Staff Present: Bryant Powell, District Manager  
Kathleen Connelly, District Clerk  
Joel Stern, District Legal Counsel  
Michael Wever, Utility Director  
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

APPROVAL OF MINUTES OF MEETING OF  
NOVEMBER 21, 2017 )

) Chairperson Serdy called  
for a motion.

Mrs. Evans MOVED THAT THE  
MINUTES OF NOVEMBER 21, 2017, BE APPROVED.

Mrs. Rizzi SECONDED THE  
MOTION.

VOTE: Unanimous.

The motion carried.

RESOLUTION NO. 2018-001,  
AUTHORIZING EXECUTION OF AN  
INTERGOVERNMENTAL AGREEMENT WITH  
THE CITY OF MESA FOR DELIVERY OF  
TREATED WATER)

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

Chairperson Serdy asked what  
was the highest percentage of that water that we used a few  
years ago when they had to rely on this water compared to our  
using our own wells. We switched over and this had supplemented  
those wells. Now we have gone away from this.

District Director Frank  
Blanco stated in 2008 we were taking delivery of about 95%  
groundwater from wells and about 5% of the Central Arizona  
Project water. We progressed to where we are now closer to 80%  
surface water and 20% wells.

Chairperson Serdy commented  
he does not mean that. He means from Mesa. A few years ago we  
were taking quite a lot from Mesa.

District Director Frank  
Blanco stated all of the surface water we were using, all the  
Central Arizona Project Water allocation was being treated by  
the City of Mesa, up until the plant was built in 2016 when we  
went online. One hundred percent of the Central Arizona Project

water that we used came from Mesa. He continued with his briefing.

Chairperson Serdy asked if they need to have a vote on that right now. He closed the discussion with no further comments and called for a motion.

Mrs. Evans MOVED THAT  
RESOLUTION NO. 2018-001, A RESOLUTION OF THE BOARD OF DIRECTORS  
OF THE WATER UTILITIES COMMUNITY FACILITIES DISTRICT (CITY OF  
APACHE JUNCTION, ARIZONA) AUTHORIZING EXECUTION OF AN  
INTERGOVERNMENTAL AGREEMENT WITH THE CITY OF MESA FOR DELIVERY  
OF TREATED WATER BE APPROVED; AND

AND I FURTHER MOVE TO TERMINATE THE 2006 MESA INTERGOVERNMENTAL  
AGREEMENT EFFECTIVE FEBRUARY 6, 2018, CONTINGENT UPON THE CITY  
OF MESA'S FINAL EXECUTION OF THE PROPOSED 2018 INTERGOVERNMENTAL  
AGREEMENT REGARDING TREATED WATER BETWEEN THE CITY OF MESA AND  
APACHE JUNCTION WATER UTILITIES COMMUNITY FACILITIES DISTRICT BE  
APPROVED.

Vice Chairperson Wilson

SECONDED THE MOTION.

VOTE: Unanimous.

The motion carried.

CHANGE ORDER #3 FOR REVOLUTION  
INDUSTRIAL, LLC, TO REPLACE  
RAFTER BEAMS IN BOTH THE NORTH  
AND SOUTH 500,000 GALLON TANKS  
AT THE WATER STORAGE SITE AND  
BOOSTER STATION LOCATED AT 16TH  
AVENUE AND BUENA VISTA AT AN  
ADDITIONAL COST OF \$70,076.75 )  
 ) District Superintendent  
Mike Loggins briefed the board on the item.

Mrs. Rizzi asked if the  
picture he just showed was concrete or metal on the left-hand  
side.

District Superintendent Mike Loggins stated that is metal. They sandblast it back to near white so it does not look like metal anymore. It will get the proper mils or roughness to the material so that it will bond correctly.

Mrs. Rizzi commented it just looks odd, like concrete.

District Superintendent Mike Loggins continued with his briefing.

Mrs. Evans asked why they are replacing every other one instead of every one.

District Superintendent Mike Loggins stated in order to keep the structure of the tanks still where they are at, they are replacing every other one to start with. They will take every other one down, remove it, put a new one in its place, and then replace every other one after that. They will replace all of them but they take half down to replace with new ones and then take the other half down so we do not have to take off the top of the tank. He continued with his briefing.

Chairperson Serdy closed the discussion with no further comments and called for a motion.

Mr. Waldron MOVED THAT CHANGE ORDER #3 TO THE REVOLUTION INDUSTRIAL, LLC CONTRACTING AGREEMENT FOR ADDITIONAL SERVICES AND MATERIAL FOR THE TANK COATING PROJECT AT THE WATER STORAGE SITE AND BOOSTER STATION LOCATED AT 16TH AVENUE AND BUENA VISTA AT AN ADDITIONAL COST OF \$70,076.75 BE APPROVED.

Mrs. Evans SECONDED THE MOTION.

VOTE: Unanimous.

The motion carried.

## DISTRICT MANAGER REPORT

District Manager Bryant Powell introduced Calista Smith, youth advisory council president here on a youth mentoring shadow program through the high school with four or five juniors and seniors mentoring different people in the community. Three have selected our organization: one in IT; one in administration and one in water. He thanked them for their support of the Mesa Intergovernmental Agreement and the change order.

Chairperson Serdy commented it would be great to get a report on these five employees to see if they are really doing the job.

District Manager Bryant Powell stated they will probably give a report back to their principal and who will report from the school district.

## DISTRICT DIRECTOR REPORT

District Director Frank Blanco stated he attended an Arizona Water luncheon on alternative water supplies where Mike Loggins was the keynote speaker. He requested he give the report tonight.

District Superintendent Mike Loggins gave an update on the water system.

Mr. Struble asked about the things that were in the water back in August. He asked at what temperature or humidity they start coming back.

District Superintendent Mike Loggins stated they came back in June last year. They are looking at temperatures over 100 degrees and daylight of more than 10 to 12 hours each day. The sunlight helps create growth on the algae.

Mr. Struble asked if there has been any more. He is starting to research things they could do in the future. He asked if it will be an ongoing problem they have to deal with.

District Superintendent Mike Loggins stated it is an ongoing problem. They have talked to the manager of the automatic strainer that is currently in use. They have also talked to other manufacturers that have said instead of just applying their equipment and saying it is going to work, they could have a try it and buy it situation where they would come out and demonstrate it for them to make sure it is going to work for this type of algae out here. That way they would not have to buy something that would have the same thing happen in the end. Hopefully they will be coming in May and implement those so they can treat some of that in June.

Chairperson Serdy commented since they are asking questions and they do not often get a chance to talk water with them all together, when Frank was giving his first presentation and we had just opened our plant and we were only at about 50% usage, he asked when it would be time to start talking about another one if all the growth in Superstition Vistas and Lost Dutchman Heights ever happens. They will eventually outgrow it. He asked if this is something that should be on the agenda for twenty years from now so that they could have a plan on the books, following the canal down towards Florence. Eventually Apache Junction and Florence will probably grow together and he wondered if that is something that should be discussed at a future meeting. We will all be gone by then but he would like to get an opinion on that.

District Manager Bryant Powell stated from his take, it is something they always need to be talking about. We have put ourselves in a wonderful position for the first 12 square miles at least with 1,000 acre feet purchased from the Gila River Indian Community. We want to keep those relationships super strong. They can talk about it at any time and Frank can give them a report.

Chairperson Serdy asked how long it took from the first discussion until the water plant actually got completed.

District Superintendent Mike Loggins stated the initial phase from green land to the finished product was about two years, but part of that was planning.

Chairperson Serdy commented but they knew it was coming way before that. We knew there was going to be a need.

District Superintendent Mike Loggins stated that is correct. He believed that when the water district land was purchased there was already land that came with the water district that was part of that and over time it was moved around planning for this. It was raw land until the decision was made. It took two years from that point of the decision to move forward.

District Manager Bryant Powell stated they may as a preamble send to the board the five-year master plan.

District Director Frank Blanco stated the master plan update is something they need to be working on. It would take all of that into account. In some cities they create a five-year plan and a ten-year plan. We have elected to benchmark growth and base our capital improvement plan on growth. If the growth does not occur, it does not make sense to put a lot of money into infrastructure because the growth is not there. When we started in 2007 we were on the cusp of explosive growth. There was a big push to build that plant. He believes in retrospect it was a good thing they did not build the plant since they did not have the explosive growth. Now as we start looking at future growth it will depend what the population is at a certain point. At that point they would build and expand and look at getting another facility further south.

Chairperson Serdy commented he was thinking when the 24 meets up with the north/south. That is going to be pretty far away and there will not be any infrastructure down there.

District Director Frank Blanco stated that is correct. It could be an opportunity for us to build another plant south of us knowing that we have one north and because it is lower gravity by gravity they will be able to get the transmission made and move that water along.

Chairperson Serdy commented he did not want to take any more time. He just thought it might be a good time to get that out there.

Mr. Waldron asked if the plant that we built was expandable.

District Director Frank Blanco stated that is correct.

Mr. Waldron commented we are running two units now of four.

District Superintendent Mike Loggins stated they are running one unit and can go up to five.

Chairperson Serdy commented we are less than 50%.

District Director Frank Blanco stated absolutely.  
District Manager Bryant Powell stated we can expand at that site. His biggest worry over the last 15 years was that they would be working on significant development on the state land. We have yet to see any and we have yet to see what the absorption rate or penetration rate of their residential, commercial and industrial needs are going to be in that area. Until that trigger mechanism hits, it is one of those go or no go kind of things. If they capitalize too soon that would not be good. It is definitely something they want to keep on our radar.

District Superintendent Mike Loggins gave an update on the 2018 water festival.

Mr. Struble asked if they would be sprayed by the fire engines this year.

District Superintendent Mike Loggins stated definitely. If he wants to come out there and stand with them there will be 400 screaming fourth graders and they all run when that water starts coming.

Mr. Struble commented he got as far away as he could because he did not want to be around there.

Mrs. Rizzi commented and you cannot tell how warm it is. Sometimes it is not too warm.

Utility Billing Supervisor Evie McKinney gave an update on the payment portal.



## DISTRICT TREASURER REPORT

District Treasurer Donna Meinerts gave an update on the financial statement.

Chairperson Serdy commented this is public knowledge to anyone.

District Treasurer Donna Meinerts stated it is.

Chairperson Serdy commented other water districts and cities are public. We operate in the black. He asked if every water company operates in the black and how do we do compared to other municipalities.

District Treasurer Donna Meinerts stated she has not had the time to take a look at the other water districts throughout the state. For us to be able to operate in the black and manage our money is a tip of our hats to the staff. They are doing an absolutely awesome job. Seeing revenues and expenditures with lines so close and so tight tells her the rates they are charging the customers are not way more than we need. The way we are handling the funds is just right where we want to be. She can do some research with some of the other water companies and water districts to see how they are doing.

Chairperson Serdy commented she may not have to. There may be somebody that monitors that, like the corporation commission or somebody.

District Manager Bryant Powell stated during the rate study, when we do the public hearing for rates, Frank and his staff provide local, nearby water department rates and how we compare. He thinks that is a constant as well as Arizona Water. We watch those rates because it is very important that we are sensitive to our rate adjustments. He remembers about 10 years ago when this room was full for a proposed 10% to 12% rate change. When asked why so much, the current water director Brian Hall stated they had not had a rate adjustment in 4-6 years. The policy and the practice since then has been to do modest 3%-5% and even 2% changes in the rates. One of the things they may want to engage in is what those rates are. The base rates and connection fee rates are some of the rates related to the water consumption and

how they get the water. He is passing this along for new customers. He would love to continue to have public policy discussions and they will be prepared during those public hearings to have data to look at.

Chairperson Serdy asked if they can do way better than Flint, Michigan.

District Treasurer Donna Meinerts stated absolutely. What Bryant said is a very good point. The comparison is in the rates because any water company or water district needs to operate in the positive. They cannot be going on in the negative. The rate increases are what keeps the district in the positive.

Chairperson Serdy commented if they see a company that has really high rates they are probably struggling to be efficient.

District Treasurer Donna Meinerts stated it depends on what their overall expenditures are going to be. That is mainly the cost of the water with the other components that Frank would tell you like the electricity and the items that it takes to produce the water.

ADJOURNMENT )  
 ) Chairperson Serdy adjourned  
the meeting at 6:37 p.m.

ACCEPTED THIS \_\_\_\_\_ DAY OF \_\_\_\_\_, 2018,  
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 \_\_\_\_\_,  
2018.

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Jeff Serdy  
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 16th day of January, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 6th day of February, 2018.

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Kathleen Connelly  
District Clerk