

WATER UTILITIES COMMUNITY FACILITIES DISTRICT
CITY OF APACHE JUNCTION, ARIZONA
REGULAR MEETING
May 1, 2018

The regular meeting of the District Board of the Water Utilities Community Facilities District, City of Apache Junction, Arizona, was held on May 1, 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. Barker
 Mrs. Evans
 Mrs. Rizzi
 Mr. Struble
 Mr. Waldron

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
 Connie Chow, District Controller

Others Present: Evie McKinney, Utility Billing
 Supervisor
 Rita Vineyard, Administrative Assistant

RESOLUTION NO. 2018-002, DECLARING
A PORTION OF THE PUBLIC UTILITY
EASEMENT LOCATED AT THE SOUTHEAST

CORNER OF OLD WEST HIGHWAY AND
WINCHESTER ROAD AS NO LONGER
NECESSARY FOR PUBLIC USE AND IS
HEREBY EXTINGUISHED)

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

Mrs. Rizzi asked which side
the owner has, the apartments or the other side.

District Director Frank
Blanco stated it is not the owner of the RV park down to the
south. It is a different owner.

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

Mr. Waldron MOVED THAT
RESOLUTION NO. 2018-002, A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE WATER UTILITIES COMMUNITY FACILITIES DISTRICT (CITY OF
APACHE JUNCTION, ARIZONA) DECLARING A PORTION OF THE PUBLIC
UTILITY EASEMENT LOCATED AT THE SOUTHEAST CORNER OF OLD WEST
HIGHWAY AND WINCHESTER ROAD IS NO LONGER NECESSARY FOR PUBLIC
USE AND IS HEREBY EXTINGUISHED, BE APPROVED.

Vice Chairperson Wilson
SECONDED THE MOTION.

VOTE: Unanimous.

The motion carried.

RESOLUTION NO. 2018-003, DECLARING
A PORTION OF THE PUBLIC UTILITY
EASEMENT LOCATED AT 2225 NORTH
CORTEZ ROAD AS NO LONGER NECESSARY
FOR PUBLIC USE AND IS HEREBY
EXTINGUISHED)

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

Chairperson Serdy asked if anyone has ever been sorry we extinguished an easement of any kind.

District Legal Counsel Joel Stern stated he has been here 20 years and the only person who complained was Giao, who complained about a lot of things. Ron Gritman was, too, but his position was do not give up too much easement. We are in the water area. They have not done too many of these public utility ones. The answer would be no for utility purposes.

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

Mrs. Evans MOVED THAT
RESOLUTION NO. 2018-003, A RESOLUTION OF THE BOARD OF DIRECTORS OF THE WATER UTILITIES COMMUNITY FACILITIES DISTRICT (CITY OF APACHE JUNCTION, ARIZONA) DECLARING A PORTION OF THE PUBLIC UTILITY EASEMENT LOCATED AT 2225 NORTH CORTEZ ROAD IS NO LONGER NECESSARY FOR PUBLIC USE AND IS HEREBY EXTINGUISHED, BE APPROVED.

Vice Chairperson Wilson
SECONDED THE MOTION.

VOTE: Unanimous.

The motion carried.

DISCUSSION ON PROPOSED DISTRICT
BUDGET FOR FISCAL YEAR 2018-2019
TO INCLUDE PROPOSED RATES, FEES
AND CHANGES APPLICABLE DURING FY
2018-2019 AND CLASSIFICATION AND
COMPENSATION PLAN FOR DISTRICT
EMPLOYEES

)
) District Superintendent
Mike Loggins briefed the board on the resources, expenditures and water rates, including water rates in various places around the country.

Chairperson Serdy commented the water rate for Seattle is very strange as they have no shortage of rain up there.

District Superintendent Mike Loggins stated that is correct. In their study across Arizona the district has one of the lower rates. We conserve the water as we are in the desert as opposed to the Midwest. He briefed the board on the proposed water rates.

Mrs. Rizzi asked if they increased the water rates last year. She asked how much the increase was last year.

District Superintendent Mike Loggins stated it was the same amount last year. The recommendation from the rate study was between 3-5% every year. They are staying with that to give slow, incremental increases rather than getting a 10% or 20% increase like some of the other utilities have done. He continued with his briefing. They have increased the hook-up fees to pay for new developments to build additional infrastructure.

Mr. Waldron asked about the subdivisions that are being built now. He asked if they will be at the increased rate if they build a house after July 1.

District Superintendent Mike Loggins stated the new rate will go into effect October 1, 2018.

Mrs. Evans asked why a manufactured home is less than a single-family home for the same work.

District Superintendent Mike Loggins stated they base this on how much water usage there is in that facility.

Mrs. Evans commented a two-bedroom or a four-bedroom anything has the same capacity.

District Superintendent Mike Loggins stated he would agree if they were the same capacity but when the engineer did the study for them they were assuming that they would have less fixtures inside a manufactured home.

Mrs. Evans commented you know what happens when you assume something.

District Superintendent Mike Loggins stated they have to come up with a dollar amount.

Mrs. Evans commented it should be exactly the same as a single-family.

District Superintendent Mike Loggins stated if that is something she would like them to look at they can definitely do that so it is the same as a single-family.

Mrs. Evans commented absolutely. A dwelling is a dwelling unless it is multi-family and that has a different capacity to it. They are typically one meter, or three meters or four meters. She asked if each dwelling would have to pay the \$42.20.

District Superintendent Mike Loggins stated each dwelling unit would have to pay the \$42.20 in a multi-family.

Mrs. Evans commented it makes absolutely no sense to her whatsoever. A house is a house.

District Superintendent Mike Loggins stated they can definitely go back and review how they came up with that and see if they can adjust it for next year.

Mr. Waldron commented he thinks it is a good idea.

Mr. Struble commented for an apartment building that has 10 apartments, they would be charged \$44,000 if he understands this correctly.

District Superintendent Mike Loggins stated that is correct. He continued with his briefing on the rates.

District Director Frank Blanco briefed the board on the classification and compensation plans.

Chairperson Serdy asked Frank what his starting pay was for his first ever water job.

District Director Frank Blanco stated he started in 1985. He was making more than a teacher.

Chairperson Serdy commented he did not start at the top.

District Director Frank Blanco stated he was an engineering design technician. He was out in the field taking measurements of static water levels and looking at pump efficiencies and doing things of that nature. He did a lot of work out in the field and later a lot of work in the office working on contracts, contract administration, water rights and things of that nature. He did get a chance to experience some real work. He continued with his briefing on the budget dates.

Mr. Struble asked if he would be able to show the board or have available to the board in two weeks the revenue they are expecting from each of those line items, not just the rate but the actual revenue, so they can see what that looks like.

District Director Frank Blanco stated he will ask for some help from finance on that. He asked him to repeat the question.

Mr. Struble commented he could not remember if they got those or not last year.

District Manager Bryant

Powell stated they can get those for them.

Mr. Struble commented they are kind of landlocked and they have a lot of empty space within our service area. He asked if they have a projection, aside from south of the 60, of what kind of growth we might have in the next five years just from infill and that type of thing. He asked if there is any way to estimate that, such as a crystal ball.

District Superintendent Mike Loggins stated they will leave that up to the city's development services department. They will let them know how they are feeling and what is going on out there. They had thought the state land would have been developed by now. They do not have a crystal ball that will say they are going to have another \$20,000 or million dollars in revenue next year and it never comes through. They have to base it off the current customers and what increases are there. It is kind of conservative for right now. As they see things start stepping up and development coming, they will eventually also ramp that up.

District Director Frank

Blanco stated they are also working with the city on the master plan. They had a kick off meeting today. He thinks he heard a projection of about 1% for their estimate on population growth.

District Legal Counsel Joel

Stern stated he thinks that was correct. There is approximately 40,000 inside the city limits now. He had asked if they thought there might be another 10,000 people in the next ten years and he did not get a good answer from staff.

Assistant City Manager Matt

Busby stated it all depends.

District Legal Counsel Joel

Stern stated it does depend because the general plan has to be done every ten years. For water purposes, it would be nice to know what the crystal ball is but because of state land they will not get a good answer.

Mr. Struble commented he understands that.

District Legal Counsel Joel Stern stated first he will not like the answer he is going to get and then it will not be a good answer.

Mr. Struble asked if there is a reduction in the margin as we grow in the number of people that we serve. He believes he said last time that we were at 4,500 connections. If we go up to 9,000 will that mean in the industry that there is a lower margin so the expenses would obviously not double according to that. He asked if there is an industry average. He wanted to know if they could serve 9,000 without double the expense.

District Director Frank Blanco stated the solution to that is master planning and making sure the district is at the appropriate level as to our rates. They would not double the rates because they are doubling the population. That is part of the reason we do collect things like water resource acquisition fees and other types of fees that we can use to build an infrastructure so that we are able to accommodate growth.

Mr. Struble asked how far ahead we have to do our master plan. He asked if we already have infrastructure down there, if they get someone in here and they are going to develop down south of the 60 down to Guadalupe or some place and how long would it take to get that infrastructure in place.

District Superintendent Mike Loggins stated currently they do have some infrastructure dependent upon what size development would come in there. They may need to add additional infrastructure. Developers have also been asking how much it would cost to add another module to the plant as it is expandable. They have been asking how much it would cost to install a larger line to get down to their development at that point in time. They are setting themselves up for future development but they cannot put anything in until they actually start seeing it happen.

District Manager Bryant

Powell stated they have had a hurry up and wait kind of approach for planning and getting prepared for a decade. They have four subdivisions that average about 57 to 70 homes. The consumption rate will be fairly rapid over the next year to two years. After that they will hope to do all they can to have discussions with state land department and the development community.

Chairperson Serdy asked if there are any big expenses coming in the far to near future that they need to know about. They just redid the big tank. He asked if there is anything 3 or 4 years out or are they looking pretty good right now.

District Director Frank

Blanco commented they will continue to do a moderate capital improvement plan so that they are able to afford what we need to build for infrastructure. They do not foresee anything real large but they are working on getting some estimates on if they do see a lot of growth and need to double the capacity they need to see what that is going to cost so they are prepared to work with developers to make that happen.

District Superintendent Mike

Loggins stated the only major project they may have coming up in the near future is the regional recharge facility they may have out here in Apache Junction. They are still in the initial planning phases of that. It could be 2 or 3 years out. They are starting to talk to different entities out here. They met again last month and now have State Land and the Flood District involved. They are gaining speed and more people as they move forward. It will hopefully not be a small project but be a regional solution out here.

Mr. Waldron asked how long it takes to get a new module on line.

District Director Frank

Blanco stated it took about a year to build the plant so it would be about the same time frame or really less.

DISTRICT MANAGER REPORT

None.

DISTRICT DIRECTOR REPORT

None.

DISTRICT TREASURER REPORT

None.

ADJOURNMENT)
) Chairperson Serdy adjourned
the meeting at 6:32 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.

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 1st day of May, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 8th day of May, 2018.

Kathleen Connelly
District Clerk