

**NOTICE OF JOINT MEETING OF THE BOARD OF DIRECTORS OF  
THE TOWN OF CAREFREE, AZ UTILITIES COMMUNITY FACILITIES DISTRICT  
AND THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC.**

**WHEN:** TUESDAY, MAY 3, 2022

**WHERE:** CAREFREE TOWN COUNCIL CHAMBERS  
33 EASY STREET, CAREFREE, AZ 85377

**LIVESTREAM:** [HTTPS://ZOOM.US/](https://zoom.us/)  
MEETING ID 322 972 9660  
PASSCODE 12345

**TIME:** 4:00 P.M.

Pursuant to A.R.S. § 10-822, notice is hereby given of the time, place and purposes of a meeting of the Board of Directors of the Town of Carefree Utilities Community Facilities District and the Board of Directors of the Carefree Water Company, Inc., an Arizona corporation.

*Members of the Board of Directors are participating by technological means or methods pursuant to A.R.S. §10-708.*

**CALL TO ORDER**

**SILENT ROLL CALL**

**AGENDA**

- ITEM #1** Approval of the March 29, 2022 UCFD/CWC meeting minutes.
- ITEM #2** Presentation on the proposed Town of Carefree, Arizona Utilities Community Facilities District (Carefree UCFD) budget (informational only).
- ITEM #3** Presentation on the proposed Carefree Water Company budget, rates, fees, and charges (informational only).
- ITEM #4** Review, discussion, and possible action to approve Resolution 2022-02 adopting the proposed Carefree UCFD budget and the proposed Carefree Water Company budget, rates, fees, and charges and calling for a Public Hearing.
- ITEM #5** Public Hearing on the proposed Carefree UCFD budget and the proposed Carefree Water Company budget, rates, fees, and charges.
- ITEM # 6** Adjournment.

DATED this 27<sup>th</sup> day of April, 2022.

TOWN OF CAREFREE

BY: Kandace French Contreras  
Kandace French Contreras, Town Clerk/Treasurer

Items may be taken out of sequence

**Council meeting will be broadcast via our Town of Carefree Zoom channel:**

LIVESTREAM: [HTTPS://ZOOM.US/](https://zoom.us/j/3229729660)  
MEETING ID 322 972 9660  
PASSCODE 12345

Or Join Zoom Meeting Direct Link

<https://us02web.zoom.us/j/3229729660?pwd=aHBnS3N5L1JRRG8wRGNFT25Ic2hGUT09>

Meeting ID: 322 972 9660  
Passcode: 12345

For telephone audio  
1.669.900.6833 or 1.253.215.8782



**FOR SPECIAL ACCOMMODATIONS**

Please contact the Carefree Town Clerk, 8 Sundial Circle (PO Box 740), Carefree, AZ 85377; (480) 488-3686, at least three working days prior to the meeting if you require special accommodations due to a disability.

MINUTES OF THE BOARD OF DIRECTORS OF  
THE TOWN OF CAREFREE, AZ UTILITIES COMMUNITY FACILITIES DISTRICT  
AND THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC.

MAY - 3 2022  
# 7

**WHEN:** TUESDAY, MARCH 29, 2022  
**WHERE:** CAREFREE TOWN COUNCIL CHAMBERS  
33 EASY STREET, CAREFREE, AZ 85377  
**LIVESTREAM:** [HTTPS://ZOOM.US/](https://zoom.us/join?jts=1)  
MEETING ID 322 972 9660  
PASSCODE 12345  
**TIME:** 4:00 P.M.

*Members of the Board of Directors may have participated by technological means or methods pursuant to A.R.S. §10-708.*

**CALL TO ORDER**

**Board Members Present**

Chairman Les Peterson  
Vice Chairman John Crane  
Vince D’Aliesio (*Joined the meeting at 4:10*)  
Tony Geiger  
Stephen Hatcher  
Mike Johnson  
Cheryl Kroyer

**Absent:**

None

**Also Attending:**

Greg Crossman, District Manager and Water Company General Manager; Gary Neiss, Carefree Town Administrator; Kandace French Contreras, District Clerk and Water Company Secretary and Michael Wright, District and Water Company Attorney.

Board Member Kroyer left the meeting at 4:36 p.m., later attending telephonically.

**AGENDA**

- ITEM #1** Approval of the September 7, 2021 UCFD/CWC meeting minutes.
- ITEM #2** Approval of the November 2, 2021 UCFD/CWC meeting minutes
- ITEM #3** Approval of the December 14, 2021 UCFD/CWC meeting minutes
- ITEM #4** Approval of the December 21, 2021 UCFD/CWC meeting minutes

Vice Chairman Crane **MOVED TO APPROVE** agenda items 1-4 as presented. **SECONDED** by Board Member Kroyer. **CARRIED**, 7-0.

**ITEM #5** Review, discussion and possible action to approve Resolution 2022-01 authorizing the Chairman of UCFD to enter into Construction Services Contract No. C2022-01 with Achen-Gardner Construction, LLC for Guaranteed Maximum Price (GMP) A2, Tom Darlington Water Storage Reservoir construction as part of the Carefree Water Consolidation Project.

Greg Crossman, District Manager and Water Company General Manager, presented via PowerPoint, updates pertaining to the Carefree Water Consolidation Project.

Mr. Crossman provided an aerial view of the underground water storage reservoir (WSR) construction site located on Tom Darlington Drive. Noting, a majority of the site is going to be refilled with soil and revegetated with native Sonoran plants that will blend with the adjacent open space.

Board Member D'Aliesio asked if the fencing will remain in place after completion to secure the site? Mr. Crossman responded, no. The site will feel very open once completed. The only area that will be fenced and secured is the utility area. Vice Chairman Crane asked if the topsoil was removed from the site and saved to bring back to the site. Mr. Crossman responded, yes, the top 6" of soil has been saved and will be brought back to refill the surface of the site. Below the top 6" layer, material from the pipeline excavation portion of the project will be used to refill the site. Once completed, the reservoir will appear as a natural mound in the desert.

District Manager Crossman continued his presentation, providing information regarding the ongoing pipeline work that began on February 22, 2022. Explaining, due to topography, native vegetation and to avoid disruption of citizens yards and driveways along the roadway, much of the pipeline will be installed under roadways as opposed to adjacent to it, a more efficient solution.

Displaying a graphic depicting the two pipeline projects that will transition neighborhood C onto the Carefree Water system, Mr. Crossman informed the Board, the pipeline at Rising Sun Road is new and all within the Carefree Water service area. This pipeline will bring both water service and fire protection, with the installation of fire hydrants, benefitting those residents who have not had those services in the past. Informing, when the transition takes place, there may be minor disruptions in service and ensured that there is a neighborhood notification process in place to inform residents that may be affected.

Mr. Crossman provided background and contract details pertaining to the Tom Darlington water storage reservoir.

- November 02, 2021, the guaranteed maximum price (GMP) A-1, *site preparation*, was approved by the Board. Due to litigation, there was an approximate 4-month delay.
- Final notice to proceed, (NTP) was given on February 14, 2022, and all of the following have been completed:
  - Native plant salvage
  - Clearing and grubbing
  - Excavation and hauling
  - Miscellaneous site preparation work

Change order #1 was approved administratively on March 17, 2022, for:

- Under slab piping
- Foundation base & compaction
- Track preparation around the reservoir for the wires and compression of the tank
- Site maintenance during construction

GMP A2 – Concrete water storage reservoir construction that is being considered under this agenda item includes:

- Pouring of the foundation slab
- Pouring of the sidewall panels
- Post – tensioning
- Support columns inside the reservoir and roof
- Subcontractor oversight and site maintenance

District Manager Crossman explained that the authorization to enter into this contract will be done via the approval of resolution 2022-01. Benefits of this approval include:

- Allows for specialized concrete crews before they head north for the summer.
- Bulk of critical concrete pours completed before heat sets in.
- Seamless transition through the project.
  - Finished GMP A1-*Site preparation*
  - Change order work is underway and nearing completion
  - Approval of GMP A2 (Tonight’s discussion) – *Construction of concrete work for the water storage reservoir.*
  - There will be a final GMP A3 – *Site regrading, landscaping, utility area*

Responding to questions from the Board, Mr. Crossman notified that most of the concrete pours will be scheduled during normal working hours. Informing, there was geotechnical work that was performed on the site which proved the site to be an excellent location for the water storage reservoir. Responding to questions regarding the containment of the water. *Water stops*, a critical piece of construction, will be embedded in the concrete, at the foundation where panels will sit, and between each individual panel, and injecting additional material strategically to ensure all voids are filled and maintain a watertight facility. Adding, anything coming in contact with the water, the tank, pipelines etc. must comply with the Arizona Department of Environmental Quality requirements and be NSF 60-61 (National Sanitation Foundation) certified for potable water. Concluding, a typical lifespan for a water storage reservoir such as this, conservatively, is 50-100 years.

Board Member Geiger **MOVED TO APPROVE** Resolution 2022-01 authorizing the Chairman of UCFD to enter into Construction Services Contract No. C2022-01 with Achen-Gardner Construction, LLC for Guaranteed Maximum Price (GMP) A2, Tom Darlington Water Storage Reservoir construction as part of the Carefree Water Consolidation Project not to exceed \$1,821,104.23. **SECONDED** by Board Member Hatcher. CARRIED, 7-0. Board Member Kroyer voted telephonically.

**ITEM # 6** Adjournment.

The meeting was adjourned by unanimous consent at 4:50 p.m.

DATED this 24<sup>th</sup> day of March, 2022.

UCFD/CWC

\_\_\_\_\_  
Kandace French Contreras, Secretary/Treasurer

BOARD OF DIRECTORS

\_\_\_\_\_  
Les Peterson, Chairman

Attest:

\_\_\_\_\_  
Kandace French Contreras, Secretary/Treasurer  
CERTIFICATION

I certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Carefree Water Company/Utilities Community Facilities District Board of Directors held on March 29, 2022. I further certify that the meeting was duly called and held and that a quorum was present.

\_\_\_\_\_  
Samantha Gesell, Planning Clerk



**TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY  
FACILITIES DISTRICT**

**BOARD COMMUNICATION**

TO: PRESIDENT AND BOARD MEMBERS  
FROM: MEGHAN OREM, DISTRICT TREASURER *MO*  
THROUGH: GREG CROSSMAN, DISTRICT MANAGER *GC*  
DATE: APRIL 26, 2022  
SUBJECT: MAY 3, 2022 BOARD MEETING  
AGENDA ITEM NO. 2 - FY22-23 CAREFREE UCFD BUDGET

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Attached for your review prior to the May 3, 2022, Board meeting is the proposed Carefree UCFD budget for FY 22-23.

The FY 22-23 UCFD budget primarily focuses on the implementation of the Carefree Water Consolidation Project (WCP) which supports the acquisition of those Carefree customers that are currently served potable water by the Town of Cave Creek.

The following is a summary of the major items contained in the District budget:

- Public Infrastructure Construction and Administration (Carefree WCP)
- Federally Directed Funding and Local Match – Water Infrastructure Capital Funding (Applied For, Not Awarded)
- Repayment of Debt Service Obligations Including:
  - Water System Revenue Bonds Series 2021 – Interest During Construction
  - Capital Lease (WIFA Loan Repayment)
  - Capital Advance

Please contact Greg Crossman (480-488-9100; [greg@carefreewaterco.com](mailto:greg@carefreewaterco.com)) with any questions.

**TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT**

**PROPOSED BUDGET FISCAL YEAR 2022/23**

<b>BEGINNING FUNDS AVAILABLE</b>		<b>\$17,816,919</b>
<b>SOURCES</b>		
<b>REVENUES (FROM CAREFREE WATER COMPANY)</b>		
Debt Service and Rent Revenue	\$692,104	
Capital Construction Revenue (Includes Fed. Local Match)	\$1,000,000	
<b>Total Revenues</b>		<b>\$1,692,104</b>
<b>OTHER FINANCING SOURCES</b>		
American Rescue Plan Funds	\$655,812	
Federally Directed Funding	\$800,000	
Developer Contributions	\$1,000,000	
<b>Total Other Financing Sources</b>		<b>\$2,455,812</b>
<b>TOTAL SOURCES</b>		<b>\$21,964,835</b>
<b>EXPENDITURES</b>		
<b>ADMINISTRATION</b>		
Rent	\$33,000	
<b>Total Administration</b>		<b>\$33,000</b>
<b>CAPITAL</b>		
Public Infrastructure - Construction	\$19,400,000	
Contingency	\$1,000,000	
<b>Total Capital</b>		<b>\$20,400,000</b>
<b>DEBT SERVICE</b>		
Principal – Water System Revenue Bonds Series 2021	\$ -	
Interest – Water System Revenue Bonds Series 2021	\$741,400	
Trustee Fees	\$800	
Capital Advance Payment	\$414,340	
Capital Lease Payment (WIFA)	\$244,764	
<b>Total Debt Service</b>		<b>\$1,401,304</b>
<b>TOTAL EXPENDITURES</b>		<b>\$21,834,304</b>
<b>ENDING FUNDS AVAILABLE</b>		<b>\$130,531</b>



## CAREFREE WATER COMPANY, INC.

## BOARD COMMUNICATION

TO: PRESIDENT AND BOARD MEMBERS

FROM: MEGHAN OREM, CONTROLLER *MO*

THROUGH: GREG CROSSMAN, GENERAL MANAGER *GC*

DATE: APRIL 26, 2022

SUBJECT: AGENDA ITEM NO. 3 - FY22-23 WATER COMPANY BUDGET, RATES, FEES, DEPOSITS, AND CHARGES

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Attached for your review prior to the May 3, 2022, Board meeting are proposed Carefree Water Company budget and water rate documents for FY 22-23. The Water Company's fiscal year coincides with the Town's and runs from July 1, 2022, through June 30, 2023.

Proposed for FY 22-23 is a water rate increase of 4.4%. This increase applies to both the monthly base fee and the commodity rates and results in an increase in the average residential customer's water bill of \$5.05 per month. This figure is based on an average residential water use of 12,000 gallons per month.

The proposed FY 22-23 water rates are consistent with the 5-year Rate Plan as recommended by Willdan Financial Consultants. The 5-year Rate Plan will support the repayment of the Series 2021 Water Revenue Bonds issued to finance the Carefree Water Consolidation Project (WCP). This project supports the acquisition of those portions of Carefree that are currently served potable water by the Town of Cave Creek.

The Water Company's budget is developed as a balanced budget, with revenues matching expenses. Anticipated revenues for FY 22-23 are \$3.5 million.

The following is a summary of major expenses which are general indicators of overall Company costs:

- APS Power – 5% increase
- CAP Water (Untreated) – 14% increase (due to Tier 1 Shortage conditions)
- Scottsdale Water (Treated) – 4% increase
- General and Administrative Costs – 8% increase
- Replacement and Maintenance Costs – 37% increase
- Capital Improvement Program – 7% decrease

**OTHER CONSIDERATIONS - FEES, CHARGES, AND DEPOSITS**

The FY 22-23 proposal also includes the following major revisions to the following fees, charges, and deposits:

- Instituting a monthly \$20.00 "Acquisition Fee" within those portions of Carefree previously served potable water by the Town of Cave Creek (also known as the "Carefree Service Area" or Neighborhoods A, B, and C). This Acquisition Fee is consistent with the 5-year Rate Plan as recommended by Willdan Financial Consultants and approved by both Boards on June 1, 2021, and will be reflected in the base fee charge to these customers.
- Increasing various fees, charges, and deposits to reflect the increased cost of doing business including:
  - Residential Refundable Security Deposit (\$200 → \$250 to reflect 2X ave. monthly water bill)
  - Data Log Fee (documents historic water use) (\$30 → \$40 – first is free)
  - Landlord Account Transfer Fee (\$10 → \$20)

- Indexing for inflation new development related fees and charges including the one-time Water Capacity Fee and all Service Connection (Water Meter and Service Line) Charges. These fees and charges have not been updated since at least 2009. The proposed indexing is based on the Consumer Price Index (CPI) produced by the Bureau of Labor Statistics and results in a 27.5% increase to bring these fees and charges to comparable values for 2021.
- Implementing a new “Water Supply Fee” for new development that addresses the following:
  - Significant expenditures by our current customer base to acquire and secure water rights and water supplies that support both existing and future development.
  - The potential for significant future expenditures to expand our water portfolio to support future development.
  - The limited availability of future water supplies and likelihood of significant cost increases in the acquisition of future water supplies.

### **BUDGET AND RATES DETAILS**

Included in this packet are the following FY 22-23 documents:

- Water Rates Summary and Spreadsheets (pages 3-6)
- Profit and Loss Summary and Spreadsheet (pages 7-8)
- Cost of Water Summary and Spreadsheet (pages 9-10)
- General and Administrative Budget Summary and Spreadsheet (pages 11-15)
- Replacement and Maintenance Budget Summary and Spreadsheet (pages 16-18)
- Reserve Recommendations (page 19)
- Capital Improvement Program Recommendations and Spreadsheets (pages 20-23)
- Water Supply Fee Report and Policy Recommendations (pages 24-27)

Please contact Greg Crossman (480-488-9100; [greg@carefreewaterco.com](mailto:greg@carefreewaterco.com)) with any questions.

## **Water Rates and Fees Summary Carefree Water Company – FY 22-23**

### Rates

- 4.4% Overall Water Rate Increase – Base Fee and Commodity Rates
- Rate increase takes effect July 2022
- Average Monthly Bill Increase (Residential): \$5.05
- Current Average Monthly Residential Bill: \$114.76 – Proposed Average Monthly Residential Bill: \$119.81
- Average Monthly Residential Water Use: 12,000 gallons
  
- Current Residential Base Fee: \$50.44 – Proposed Residential Base Fee: \$52.66 – Up \$2.22
  - \$20.00/mth “Acquisition Fee” - Neighborhoods A, B, and C (“Carefree Service Area)
- Commodity Rates: Remain in 5 Tiers to Encourage Conservation
  - Tier Break Points Have Remained the Same
  - Rate in Each Tier (per 1,000 gallon charge) has Increased 4.4%
- Similar 4.4% adjustments to other rate categories (commercial meters and master meters)

### Fees

- Fees for new construction have not been adjusted since at least 2009. This includes:
  - Water Capacity Fees
  - Service Connection Fees (Service Lines and Meters)
- Inflation Adjustment Warranted
  - Basis: Consumer Price Index, U.S. City Average, All Urban Consumers
  - 2009 → 2021 = 275.703/215.935 = 27.5% Increase
- Single Family Residential Example
  - Water Capacity Fee: \$3,639 → \$4,640
  - 1” Service Connection Charge (Meter and Service): \$3,080 → \$3,927
  - Total: \$6,719 → \$8,567
  
- New Free Proposal: Water Supply Fee (for new development)
  - Funding of Water Rights/Water Supply Expenditures – Past and Future
  - See Water Supply Fee Report and Policy Recommendations at the end of this packet



**Carefree Water Company**  
**Effective July 1, 2022**  
**Rate Sheet @ 4.4% Base and Commodity Increase**

R1, R2 & R4

	Gallons	Base Rate			Commodity Charge			Subtotal Before Taxes			Taxes			Total With Taxes			Overall % Difference
		Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	
<b>Tier 1 - \$4.25</b> (Curr - \$4.07)	1,000	50.44	52.66	2.22	4.07	4.25	0.18	54.51	56.91	2.40	5.08	5.30	0.22	59.59	62.21	2.62	4.4%
	2,000	50.44	52.66	2.22	8.14	8.5	0.36	58.58	61.16	2.58	5.46	5.70	0.24	64.04	66.86	2.82	4.4%
	4,000	50.44	52.66	2.22	16.28	17	0.72	66.72	69.66	2.94	6.23	6.50	0.27	72.95	76.16	3.21	4.4%
	6,000	50.44	52.66	2.22	24.42	25.5	1.08	74.86	78.16	3.30	7.00	7.31	0.31	81.86	85.47	3.61	4.4%
	8,000	50.44	52.66	2.22	32.56	34	1.44	83	86.66	3.66	7.77	8.11	0.34	90.77	94.77	4.00	4.4%
<b>Tier 2 - \$5.72</b> (Curr - \$5.48)	9,000	50.44	52.66	2.22	38.04	39.72	1.68	88.48	92.38	3.90	8.29	8.65	0.36	96.77	101.03	4.26	4.4%
	12,000	50.44	52.66	2.22	54.48	56.88	2.40	104.92	109.54	4.62	9.84	10.27	0.43	114.76	119.81	5.05	4.4%
	14,000	50.44	52.66	2.22	65.44	68.32	2.88	115.88	120.98	5.10	10.87	11.34	0.47	126.75	132.32	5.57	4.4%
	16,000	50.44	52.66	2.22	76.40	79.76	3.36	126.84	132.42	5.58	11.90	12.42	0.52	138.74	144.84	6.10	4.4%
	18,000	50.44	52.66	2.22	87.36	91.20	3.84	137.8	143.86	6.06	12.93	13.50	0.56	150.73	157.36	6.62	4.4%
<b>Tier 3 - \$7.52</b> (Curr - \$7.20)	20,000	50.44	52.66	2.22	98.32	102.64	4.32	148.76	155.3	6.54	13.96	14.57	0.61	162.72	169.87	7.15	4.4%
	22,000	50.44	52.66	2.22	112.72	117.68	4.96	163.16	170.34	7.18	15.32	15.98	0.67	178.48	186.32	7.85	4.4%
	24,000	50.44	52.66	2.22	127.12	132.72	5.60	177.56	185.38	7.82	16.67	17.40	0.73	194.23	202.78	8.55	4.4%
	26,000	50.44	52.66	2.22	141.52	147.76	6.24	191.96	200.42	8.46	18.02	18.81	0.79	209.98	219.23	9.25	4.4%
	28,000	50.44	52.66	2.22	155.92	162.80	6.88	206.36	215.46	9.10	19.37	20.22	0.85	225.73	235.68	9.95	4.4%
<b>Tier 4 - \$9.72</b> (Curr - \$9.31)	30,000	50.44	52.66	2.22	170.32	177.84	7.52	220.76	230.5	9.74	20.73	21.63	0.91	241.49	252.13	10.65	4.4%
	32,000	50.44	52.66	2.22	188.94	197.28	8.34	239.38	249.94	10.56	22.47	23.45	0.98	261.85	273.39	11.54	4.4%
	35,000	50.44	52.66	2.22	216.87	226.44	9.57	267.31	279.1	11.79	25.09	26.18	1.10	292.40	305.28	12.89	4.4%
	40,000	50.44	52.66	2.22	263.42	275.04	11.62	313.86	327.7	13.84	29.45	30.74	1.29	343.31	358.44	15.13	4.4%
	45,000	50.44	52.66	2.22	309.97	323.64	13.67	360.41	376.3	15.89	33.81	35.29	1.48	394.22	411.59	17.37	4.4%
<b>Tier 5 - \$12.63</b> (Curr - \$12.10)	50,000	50.44	52.66	2.22	356.52	372.24	15.72	406.96	424.9	17.94	38.17	39.84	1.67	445.13	464.74	19.61	4.4%
	55,000	50.44	52.66	2.22	417.02	435.39	18.37	467.46	488.05	20.59	43.83	45.75	1.91	511.29	533.80	22.50	4.4%
	60,000	50.44	52.66	2.22	477.52	498.54	21.02	527.96	551.2	23.24	49.49	51.65	2.16	577.45	602.85	25.40	4.4%
	65,000	50.44	52.66	2.22	538.02	561.69	23.67	588.46	614.35	25.89	55.15	57.56	2.41	643.61	671.91	28.30	4.4%
	70,000	50.44	52.66	2.22	598.52	624.84	26.32	648.96	677.5	28.54	60.81	63.46	2.65	709.77	740.96	31.19	4.4%
	80,000	50.44	52.66	2.22	719.52	751.14	31.62	769.96	803.8	33.84	72.13	75.27	3.15	842.09	879.07	36.99	4.4%
	90,000	50.44	52.66	2.22	840.52	877.44	36.92	890.96	930.10	39.14	83.44	87.08	3.64	974.40	1,017.18	42.78	4.4%
	100,000	50.44	52.66	2.22	961.52	1,003.74	42.22	1,011.96	1,056.40	44.44	94.76	98.90	4.13	1,106.72	1,155.30	48.57	4.4%

Average Residential Usage

**CAREFREE WATER COMPANY RATE SCHEDULE**  
**Effective July 1, 2022**  
**Before Taxes**

Meter Type	Meter Size	Meter Classification	Monthly Base Fee	Monthly Commodity (Usage) Charges and Tier Breakdown											
				Tier 1		Tier 2		Tier 3		Tier 4		Tier 5			
				From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)		
<b>RESIDENTIAL METERS</b>				\$4.25 per 1,000 gal.	\$5.72 per 1,000 gal.	\$7.52 per 1,000 gal.	\$9.72 per 1,000 gal.	\$12.63 per 1,000 gal.							
Residential	5/8", 3/4", 1"	R1, R2, R4	\$ 52.66	0	8,000	20,000	20,000	20,000	30,000	30,000	50,000	50,000	50,000	and over	
Residential	5/8", 3/4", 1"	R1A, R2A, R4A	\$ 72.66	0	8,000	20,000	20,000	20,000	30,000	30,000	50,000	50,000	50,000	and over	
<b>COMMERCIAL METERS</b>															
Commercial	1 inch	C5	\$ 94.80	0	8,000	16,000	16,000	16,000	32,000	32,000	64,000	64,000	64,000	and over	
Commercial	1 inch	C5A	\$ 104.80	0	8,000	16,000	16,000	16,000	32,000	32,000	64,000	64,000	64,000	and over	
Commercial	1-1/2 inch	C6	\$ 235.27	0	11,000	16,000	16,000	16,000	35,000	35,000	70,000	70,000	70,000	and over	
Commercial	1-1/2 inch	C6A	\$ 255.27	0	11,000	16,000	16,000	16,000	35,000	35,000	70,000	70,000	70,000	and over	
Commercial	2 inch	C8	\$ 563.95	0	20,000	40,000	40,000	40,000	80,000	80,000	160,000	160,000	160,000	and over	
Commercial	2 inch	C8A	\$ 583.95	0	20,000	40,000	40,000	40,000	80,000	80,000	160,000	160,000	160,000	and over	
Commercial	3 inch	C9	\$ 751.71	0	100,000	200,000	200,000	200,000	400,000	400,000	600,000	600,000	600,000	and over	
Commercial	3 inch	C9A	\$ 771.71	0	100,000	200,000	200,000	200,000	400,000	400,000	600,000	600,000	600,000	and over	
<b>MASTER METERS</b>															
Master Meter 1		MM1 - 8	\$ 400.15	0	30,000	40,000	40,000	40,000	60,000	60,000	80,000	80,000	80,000	and over	
Master Meter 2		MM2 - 4	\$ 200.09	0	30,000	30,000	50,000	50,000	70,000	70,000	90,000	90,000	90,000	and over	
Master Meter 3		MM3 - 8	\$ 400.15	0	40,000	40,000	80,000	80,000	100,000	100,000	150,000	150,000	150,000	and over	
Master Meter 4		MM4 - 6	\$ 300.14	0	50,000	50,000	100,000	100,000	190,000	190,000	250,000	250,000	250,000	and over	
Master Meter 5		MM5 - 12	\$ 612.70	0	30,000	30,000	50,000	50,000	80,000	80,000	100,000	100,000	100,000	and over	
Master Meter 6		MM6 - 38	\$ 1,900.76	0	170,000	170,000	270,000	270,000	300,000	300,000	350,000	350,000	350,000	and over	
Master Meter 7		MM7 - 18	\$ 900.39	0	80,000	80,000	100,000	100,000	120,000	120,000	150,000	150,000	150,000	and over	
Master Meter 8		MM8 - 11	\$ 550.22	0	90,000	90,000	150,000	150,000	200,000	200,000	250,000	250,000	250,000	and over	
Master Meter 9		MM9 - 11	\$ 550.22	0	75,000	75,000	105,000	105,000	135,000	135,000	165,000	165,000	165,000	and over	
Master Meter 10		MM10 - 11	\$ 550.22	0	60,000	60,000	120,000	120,000	190,000	190,000	220,000	220,000	220,000	and over	
<b>STAND PIPE</b>															
Stand Pipe		CWH	\$ -												
<b>FIRE HYDRANT METER</b>															
Fire Hydrant		FHY	\$ 165.50												
				\$7.54 per 1000 gallons - Minimum Billing \$5.00 - Additional Keys \$15.00											
				\$7.54 per 1000 gallons after the first 20,000 gallons											

Temporary Turn-Off Policy - Customers may request their water service to be turned off temporarily or permanently at any time. If water service is off for less than nine (9) months, at the time service is re-established, the customer will be billed the monthly base fee plus tax for the number of months the water was off. If water service is off for more than nine (9) months, at the time service is re-established, the customer will be billed the New Account Set-Up Fee at the time service is re-established.



NEW ACCOUNT SETUP FEES	
Residential and Commercial	\$50.00
Landlord (Transfer to Info on File)	\$20.00
Fire Hydrant	\$100.00

TAXES	
State Sales Tax	6.3%
Town Sales Tax	3.0%
State Water Tax	\$0.0065 /1,000 gal. billed

REFUNDABLE DEPOSITS	
Residential	\$250.00
Commercial	3X Average Water Bill
Stand Pipe	\$50.00
Fire Hydr. Meter	\$900.00

NEW CONSTRUCTION CHARGES AND FEES			
Meter and Service Size	Service Connection Charge	Water Capacity Fee <sup>1</sup>	Total
1" Meter and Service	\$3,927.00	\$4,640.00	\$8,567.00
1" Meter Only-New Subdivision	\$1,230.00	\$4,640.00	\$5,870.00
1-1/2" Meter and Service	\$5,451.00	\$8,409.00	\$13,860.00
2" Meter and Service	\$8,262.00	\$13,061.00	\$21,323.00
3" Compound Meter	\$25,723.00	\$26,528.00	\$52,251.00
4" Compound Meter	\$31,875.00	\$40,647.00	\$72,522.00
1" Meter & Serv. Upgrade(from 3/4")	\$3,207.00	-	\$3,207.00
1" Meter Only Upgrade (from 3/4")	\$510.00	-	\$510.00

<sup>1</sup>Distribution, Storage, and Pumping Capacity

PAYMENT AND BILLING FEES	
Credit Card Convenience Fee (per transaction)	\$4.00
Monthly Billings & Other Charges Under \$500	3% of Amount
Other Charges Over \$500	\$7.00
Late Payment or Delinquent Charge (per month)	\$10.00
Foreign Currency Transaction	\$3.00
Foreign Mailing Fee	Bank Charge Amt
Insufficient Funds or Returned Check Fee	1.5% per month
Interest on Outstanding Balance	

MISCELLANEOUS SERVICES AND FEES	
Data Log Fee - Beginning With Second Data Log	\$40.00
Meter Re-Read (Customer Request)	\$25.00
Account Re-Establishment Fee	\$125.00
Change-Out or Moving Meter	At Water Co. Cost
Third Party Meter Test (Customer Request)	At Water Co. Cost
Emergency Call Out	
(If Water Company is Not Responsible for Problem)	\$100.00
Unauthorized Meter Turn-On - Residential	\$150.00
Unauthorized Meter Turn-On - Commercial	\$250.00
Unauthorized Fire Hydrant Use - Per Use	\$300.00

Fees, charges, and deposits that have been increased for FY 22-23.

SAMPLE RESIDENTIAL WATER BILL CALCULATION <sup>2</sup>			
1 inch Residential Meter (WR4 Classification) @ 24,000 gallons			
Tier 1:	8,000 gallons	@ \$ 4.25 /1000 gal.	= \$ 34.00
Tier 2:	12,000 gallons	@ \$ 5.72 /1000 gal.	= \$ 68.64
Tier 3:	4,000 gallons	@ \$ 7.52 /1000 gal.	= \$ 30.08
Tier 4:	0 gallons	@ \$ 9.72 /1000 gal.	= \$ -
Tier 5:	0 gallons	@ \$ 12.30 /1000 gal.	= \$ -
Month Total:	24,000 gallons		
		Base Fee	\$ 52.66
		Total (Does not include taxes)	\$ 185.38

<sup>2</sup> A Residential Water Bill Calculator is available on our website at [www.carefreewaterco.com](http://www.carefreewaterco.com)



## **Profit and Loss Summary Carefree Water Company – FY 22-23**

- “All encompassing” spreadsheet to ensure cash flow needs are met (revenue stream matches expenditures)
- Looks at anticipated revenues (primarily from water sales) in relation to anticipated expenditures (e.g., Cost of Water, General & Administrative, Replacement & Maintenance)
- The Profit and Loss spreadsheet also includes other cash uses such as:
  - 2021 Series Bond Repayment (“Acquisition”)
  - WIFA Loan Repayment (“Capital Lease”)
  - Town of Carefree Repayment (“Capital Advance”)
  - Water Company Office/Shop Rent
  - Reserve Deposits
  - Capital Improvement Program
- Bottom Line: Revenue stream must cover all cash uses (cash flow/expenditures)

Carefree Water Company  
**PROFIT AND LOSS**  
 2022-2023 Budget

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
Revenues	324,828	323,536	309,248	300,940	288,654	237,409	258,036	244,572	258,851	282,003	292,209	332,680	3,452,946
Water Sales	3,927	3,927	3,927	3,927	3,927	3,927	3,927	3,927	3,927	3,927	3,927	3,927	19,635
New Meter & Service Fees	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,878	1,878	24,814
DFGC Electrical Fees	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	22,546
Cell Tower Rental Fees (net)	332,634	327,415	323,258	304,819	292,533	251,419	261,915	248,451	272,840	285,882	296,087	346,688	3,543,941
Other Revenues													
Total Revenues	75,930	72,114	71,216	71,328	61,436	48,116	61,891	54,865	59,018	71,396	75,064	86,118	808,492
Cost of Water													
Scottsdale CAP	14,416	11,877	11,769	11,784	10,304	8,763	12,355	9,544	10,024	11,453	11,875	13,152	137,316
Cave Creek CAP	22,164	21,421	21,247	21,268	18,873	16,384	20,333	26,465	19,773	22,183	22,897	25,050	258,058
Ground Water Pumped	112,510	105,412	104,232	104,380	90,613	73,263	94,579	90,874	88,815	105,032	109,836	124,320	1,203,866
Central Ariz Project													
Total Water Costs	88,636	88,636	88,636	88,636	88,636	88,636	88,636	88,636	88,636	88,636	88,635	88,635	1,063,630
General and Administrative	19,460	19,460	19,460	19,460	19,460	19,460	19,460	19,459	19,459	19,459	19,459	19,459	233,515
Maintenance	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	600,000
Depreciation	158,096	158,096	158,096	158,096	158,096	158,096	158,096	158,095	158,095	158,095	158,094	158,094	1,897,145
Total Other Costs	62,028	63,907	60,930	42,343	43,824	20,060	9,240	(518)	25,930	22,755	28,157	64,274	442,930
REVENUES LESS COSTS													

CASH FLOW

Cash Flow	Net Gain	442,930											
	Depreciation	600,000											
	Equipment Loss W/O	12,000											
	Total Available	<u>1,054,930</u>											
	Cash Uses												
	Reserves												
	Capital Advance	414,340											
	WIFA Payment	244,764											
	UCFD Rent	33,000											
	Total Operating Uses	<u>692,104</u>											
	Cash Available												
	Total Capital Uses	<u>362,826</u>											
	Cash Utilized	<u>362,826</u>											

## **Cost of Water Summary Carefree Water Company – FY 22-23**

- Water use is based on a 3-year average
- Assumes 1/2-year of Acquisition Area Water Usage (2<sup>nd</sup> Half FY 22-23)
- The cost of water is the Water Company's single largest expense at nearly \$1.2M
- Continued Focus on Utilizing Renewable CAP Supply (Saving GW for Emergencies)
  - 65% CAP Water
  - 35% Groundwater
- Water costs are increasing about \$200,000 this FY due to the following:
  - Increased usage from Acquisition Area (300 AF/yr)
  - 4% Increase in Scottsdale Treated Water Costs
  - 5% Increase in APS Costs
  - Overall 14% Increase in CAP Raw Water Costs Reflective of Tier 1 Shortage Condition
    - Equates to \$72,500 increase in payments to CAP
    - 21% increase in Delivery Costs – Due to Tier 1 Shortage

Carefree Water Company  
Estimated Water Costs  
Fiscal Year 2022-23

4/1/2022

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
325.851	91.9	90.9	85.3	79	80.9	64.9	60.9	58.4	71.8	80.3	82.5	111.0	492.9
	104.3	98.6	105.1	101.2	88.3	64.8	60.9	58.4	71.8	80.3	82.5	111.0	1027.2
	97.7	93.2	84.3	88.5	68.5	57.8	56.0	54.3	57.8	64.7	76.0	88.8	887.6
	101.0	95.9	94.7	94.9	78.4	61.3	59.6	51.2	55.7	72.8	68.6	77.2	385.6
A.F.	32,911	31,249	30,858	30,907	25,547	19,975	19,404	17,189	18,499	22,402	23,559	27,046	299,545
'000 Gal.	11.0%	10.4%	10.3%	10.3%	8.5%	6.7%	6.5%	5.7%	6.2%	7.5%	7.9%	9.0%	100.0%
	112.2	106.6	105.2	105.4	87.1	66.1	87.8	77.7	83.7	101.3	106.5	122.3	1164.0

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
Ground Water A.F. (35%)	39.3	37.3	36.8	36.9	30.5	23.8	30.7	27.2	29.3	35.5	37.3	42.8	407.4
CAP Water A.F. (65%)	72.9	69.3	68.4	68.5	56.6	44.3	57.0	50.5	54.4	65.9	69.3	79.5	756.6
CAP Water A.F. +5%	3.6	3.3	3.4	3.4	2.8	2.2	2.9	2.5	2.7	3.3	3.5	4.0	37.8

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
0% of CAP WATER	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
100% of CAP WATER	72.9	69.3	68.4	68.5	56.6	44.3	57.0	50.5	54.4	65.9	69.3	79.5	756.6
1,000's Gallons	23,769	22,569	22,286	22,322	18,450	14,426	18,588	16,465	17,720	21,459	22,568	25,907	246,530
Cost @ \$5.18/1,000 Gal.*	\$75,585	\$71,769	\$70,871	\$70,983	\$61,071	\$47,751	\$61,526	\$54,500	\$58,653	\$71,031	\$74,699	\$85,754	\$804,192
Meter Fee	\$345.00	\$345.00	\$345.00	\$345.00	\$365.00	\$365.00	\$365.00	\$365.00	\$365.00	\$365.00	\$365.00	\$365.00	\$4,300
Total Cost	\$75,930	\$72,114	\$71,216	\$71,328	\$61,436	\$48,116	\$61,891	\$54,865	\$59,018	\$71,396	\$75,064	\$86,119	\$808,492

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
39.3	37.3	36.8	36.9	30.5	23.8	30.7	27.2	29.3	29.3	35.5	37.3	42.8	407.4
12,799	12,152	12,000	12,019	9,935	7,788	10,009	8,866	9,542	11,555	11,555	12,152	13,950	132,747
\$9,087	\$8,628	\$8,520	\$8,534	\$7,054	\$5,515	\$7,106	\$6,295	\$6,775	\$8,204	\$8,204	\$8,628	\$9,905	\$94,250
\$3,450	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$2,000
\$12,537	\$9,998	\$9,890	\$9,904	\$8,424	\$6,885	\$10,476	\$7,665	\$8,145	\$9,574	\$9,574	\$9,998	\$11,275	\$114,770

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
745.22	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$22,546
0.14	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$1,878.82	\$22,546

	2022	2023
Capital Cost	\$50	\$56
Delivery Cost	\$192	\$200
CAP Contingency		
Total Cost	\$242	\$256

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
\$112,510	\$105,412	\$104,231	\$104,379	\$90,612	\$73,263	\$94,378	\$90,873	\$88,815	\$105,032	\$109,898	\$124,322	\$1,203,867	

Water Sold FY21-22 (21 Only)  
 Water Sold FY20-21  
 Water Sold FY19-20  
 Water Sold FY18-19 (19 Only)  
 3-yr Average Water Sold (Use for 22-23)  
 3-yr Average Water Sold (Use for 22-23)  
 Percent of Annual Usage (Use for 22-23)  
 Water Supplied (Sold/0.9) (Use for 22-23)\*  
 \*Note: Jan. - Dec. Adjusted for CSA Acquisition

CAVE CREEK WATER  
 Acre-Feet  
 1,000's Gallons  
 Cost @ \$x.xx/1,000 Gal.

SCOTTSDALE WATER  
 Acre-Feet  
 1,000's Gallons  
 Cost @ \$5.18/1,000 Gal.\*  
 Meter Fee  
 \* \$3.31/1,000 Gal. After Oct. 2022 (% Increase)

POTABLE GROUNDWATER  
 Pumped Groundwater (A.F. - From Above)  
 Pumped Groundwater ('000 gallons)  
 Cost @ \$0.71/1,000 Gal. (5% increase)  
 Groundwater Withdrawal Fee (ADWR)  
 Chemicals and Testing

GOLF COURSE GROUNDWATER  
 A.F. Pumped (2021)  
 (2020)  
 (2019)  
 (3-yr Ave.)

Electrical Cost  
 CAP COSTS  
 Capital Cost  
 Delivery Cost  
 CAP Contingency

ALL WATER COSTS

A.F.  
 149.6  
 198.7  
 300.0  
 216.1

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## **General and Administrative (G&A) Summary Carefree Water Company – FY 22-23**

- Overall G&A expenses up 8% (up approx. \$87,000) compared to last FY
  - Prime Drivers: Insurance and Payroll
    - Insurance Increase of 35% - \$29,000
      - Large Amount of “Subcontracted” Work associated with the Carefree WCP
      - Insurance Carrier Assumption: Increased Risk
    - Payroll Costs Up 6% - \$46,000
      - 3.5% Cost-of-Living Adjustment – All employees
      - 2.5% Merit Increase – All employees
  - Fuel/Gas Also a Driver – 24% increase, up \$7,000

**General and Administrative Budget by Category  
for 2022-23**

	2021-2022 Budget	2022-2023 Budget	Difference	
<u>Payroll, Payroll Taxes, Group Insurance &amp; Benefits</u>				
Base Salaries	492,999	536,041		
Overtime	4,000	4,000		
Compensation Time	3,000	3,000		
Bonus	4,000	4,000		
Merit Increase	5,138	-		
Emgr. On-Call	14,600	14,600		
All Health Insurance Combined	93,973	96,616		
IRA and Retirement	52,362	54,942		
All Payroll taxes	35,406	38,422		
Medicare	8,281	8,144		
Unemployment	-	-		
Equalization Taxes	-	-		
	<u>713,758</u>	<u>759,765</u>	46,007	6%
<u>Training Expense A/C 60154</u>				
	4,000	4,000	0	0%
<u>Employee Expenses A/C 60152</u>				
Uniforms	2,500	3,000		
	<u>2,500</u>	<u>3,000</u>	500	17%
<u>Safety Equipment A/C 60156</u>				
Personal Protective Equipment	1,500	1,500		
Safety Equipment	2,000	2,000		
	<u>3,500</u>	<u>3,500</u>	0	0%
<u>Accounting and Professional Services A/C 60201</u>				
Auditors	6,695	7,800		
Dasco	2,500	2,500		
ER System	6,000	6,000		
Payroll Experts	2,600	3,000		
	<u>17,795</u>	<u>19,300</u>	1,505	8%
<u>Legal A/C 60202</u>				
	5,000	5,000	0	0%
<u>Cleaning Service A/C 60204</u>				
Regular	7,800	8,000		
	<u>7,800</u>	<u>8,000</u>	200	3%



<u>SCADA A/C 60207</u>			
SCADA	5,000	5,000	
Specter - WIN 911	500	700	
	<u>5,500</u>	<u>5,700</u>	<u>200</u>
			4%
<u>Computer A/C 60205</u>			
UMS Annual Fee	4,100	4,500	
Sage	8,000	5,300	
Beacon Mobile	3,300	3,360	
Computer Repair Contract	13,000	14,000	
Computer Repair additional hours	3,300	4,000	
Printer	500	500	
Fixed Asset Software	300	300	
Server Warranty Care Pack	800	1,015	
Firewall	140	140	
	<u>33,440</u>	<u>33,115</u>	<u>(325)</u>
			-1%
<u>Insurance A/C 60250</u>			
Cincinnati Insurance	48,000	77,000	
Claims (Insurance Deductible- Contingency)	5,000	5,000	
	<u>53,000</u>	<u>82,000</u>	<u>29,000</u>
			35%
<u>Postage A/C 60300</u>			
Billings	6,200	7,500	
Mail Pickup	540	550	
Additional mailings	1,300	1,450	
	<u>8,040</u>	<u>9,500</u>	<u>1,460</u>
			15%
<u>Telephone A/C 60351</u>			
Cox	3,100	3,100	
Verizon	4,000	4,000	
Replacement Cell Phones	500	650	
	<u>7,600</u>	<u>7,750</u>	<u>150</u>
			2%

<u>Promotional A/C 60353</u>			
Truck Magnets	240	250	
Advertisement	500	500	
	<u>740</u>	<u>750</u>	10
			1%
<u>Auto Expense A/C 60400</u>			
Repairs, batteries, tires	2,100	2,500	
Fuel *	16,500	23,100	
Fuel Adj.(Potential Increase)	3,000	3,000	
	<u>21,600</u>	<u>28,600</u>	7,000
			24%
<u>Office Supplies A/C 60452</u>			
Printing	3,500	4,600	
Stuffing Machine Annual Maint.	1,700	1,700	
All Other	3,500	3,500	
	<u>8,700</u>	<u>9,800</u>	1,100
			11%
<u>Security and Emergency A/C 60453</u>			
Safeguard - Office	700	700	
	<u>700</u>	<u>700</u>	0
			0%
<u>Office Utilities A/C 60454</u>			
	<u>4,750</u>	<u>5,100</u>	350
			7%
<u>Fees and Permits A/C 60501</u>			
Maricopa County	3,100	3,100	
ACC	50	50	
Carefree Shadows HOA	125	125	
Town License	40	40	
	<u>3,315</u>	<u>3,315</u>	0
			0%
<u>Dues and Subscriptions A/C 60456</u>			
Blue Stake	1,000	1,000	
AWWA Membership	400	400	
Rural Water Association	1,000	1,000	
WEF	205	205	
AZ Water Association	250	250	
American Society of Civil Engineers	300	300	
Costco	200	250	
Water Operator Certifications	300	300	
	<u>3,655</u>	<u>3,705</u>	50
			1%

<u>Office Equipment Rental A/C 60457</u>			
Postage Machine	2,500	1,800	
	<u>2,500</u>	<u>1,800</u>	<u>(700)</u>
			-39%
<u>Bad Debt Write-off A/C 60550</u>			
	<u>3,000</u>	<u>3,000</u>	<u>0</u>
			0%
<u>Loss Write Off - Meters</u>			
	<u>12,000</u>	<u>12,000</u>	<u>0</u>
			0%
<u>Income Tax</u>			
State	55	55	
	<u>55</u>	<u>55</u>	<u>0</u>
			0%
<u>Credit Card Charges A/C 60652</u>			
	<u>4,800</u>	<u>4,800</u>	<u>0</u>
			0%
<u>Bank Charges A/C 60653</u>			
All Other Banks	500	500	
Chase (Electronic Banking)	9,700	10,000	
	<u>10,200</u>	<u>10,500</u>	<u>300</u>
			3%
<u>GIS Mapping A/C 60206</u>			
GPS Annual Fee	2,400	2,400	
Monthly MIFI Fee	500	500	
ARC Service Agreement	1,475	1,475	
I-Pads for Field	2,000	2,000	
Support	20,000	20,000	
Elements Annual Maintenance	10,000	10,000	
	<u>36,375</u>	<u>36,375</u>	<u>0</u>
			0%
<u>Water Conservation Costs A/C 6100</u>			
Literature/Community Events	2,200	2,500	
	<u>2,200</u>	<u>2,500</u>	<u>300</u>
			12%
<u>Total Costs</u>			
	<u>976,523</u>	<u>1,063,630</u>	<u>87,107</u>
			8%

## **Replacement and Maintenance (R&M) Summary Carefree Water Company – FY 22-23**

- Funds the normal water system maintenance items we do everyday
- Unscheduled repair/replacement costs are the hardest to predict
- Utilized historical expenses from the last 3 years, plus knowledge of what needs to be done
- Budgeting is up 37% this fiscal year, \$63,000, reflecting:
  - Supply-Chain Related Issues
  - Material and Contract Labor Increases

**Replacement and Maintenance Budget  
2022-2023**

	2021-2022 Budget	2022-2023 Budget	Variance	Percentage
<u>R &amp; M Tanks</u>				
Tank Maint.	42,000	32,000		
Misc.	3,000	3,000		
	45,000	35,000	(10,000)	-22%
<u>R &amp; M Pumps and Wells</u>				
Pumps Stations	10,000	10,300		
Wells	5,000	5,150		
	15,000	15,450	450	3%
<u>R &amp; M Mains and Valves</u>				
Valves	10,000	61,500		
Mains Repairs	25,000	28,750		
Other Distribution Repairs	0	0		
	35,000	90,250	55,250	158%
<u>R &amp; M Services/Meters</u>				
	30,000	34,500	4,500	15%
<u>R &amp; M Easements &amp; Right of Way Landscape</u>				
	2,000	2,000	0	0%
<u>R &amp; M Equipment</u>				
Backhoe	3,000	4,500		
Ditch Witch	0	1,500		
Mini Excavator	1,000	1,000		
Trucks	1,500	1,500		
Chlorination	1,500	1,725		
Town Equipment Cost Sharing	6,000	4,000		
	13,000	14,225	1,225	9%
<u>Fire Hydrant Maintenance</u>				
	5,000	5,000	0	0%
<u>R &amp; M Generator</u>				
	15,000	25,000	10,000	67%
<u>R &amp; M Interconnect</u>				
	2,000	2,300	300	15%
<u>R &amp; M Supplies</u>				
	4,500	5,175	675	15%

<u>R &amp; M General</u>				
AC Units	2,000	2,300		
Fire Protection	700	700		
Exterminating	540	615		
	<u>3,240</u>	<u>3,615</u>	<u>375</u>	<u>12%</u>
<u>Equipment Rental</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>0%</u>
Total Maint. and Replacement	<u>170,740</u>	<u>233,515</u>	<u>62,775</u>	<u>37%</u>



**Reserve Recommendations  
Carefree Water Company – FY 22-23**

- **Target Balance:** \$1,000,000 (based on AWWA recommendations)
  - **Current Reserve Balance:** \$1,000,000
- Shortfall:** \$ 0

**Recommended Reserve Deposits:**

**FY 22-23: \$ 0 (Target Balance Met)**

## **Capital Improvement Program Recommendations Carefree Water Company – FY 22-23**

**Total FY 22-23 Capital Budget - \$362,826**

- Fire Protection – \$0 (12 New Hydrants as Part of the Carefree WCP)
- System Automation and Technology - \$30,000
- System Improvements – \$266,826
- Capital Equipment - \$50,000
- Water Rights - \$16,000
- Capital Reserves (Large Project Improvement Fund) - \$0

### **CAPITAL IMPROVEMENT PROGRAM DETAILS**

#### **Fire Protection - \$0**

- Carefree WCP – 12 New Fire Hydrant Installations
- Acquisition Area – 138 Fire Hydrants (Existing)

#### **System Automation and Technology - \$30,000**

- SCADA System Upgrades

#### **System Improvements - \$266,826**

- Annual Meter Replacement Program – \$50,000 (175 meters)
- Valve Replacement Program – \$50,000
- Pipeline Upgrade Projects - \$166,826\*

\*See Attached Pipeline Upgrade Prioritization Summary

#### **Capital Equipment Account – \$50,000 (Annual FY 22-23 Deposit)\***

\* See Attached 10-year Capital Equipment Plan

#### **Water Rights – NIA CAP Water - \$16,000**

Total NIA Water Cost	\$219,688
<u>Paid Upfront</u>	<u>\$160,000</u>
Remaining Balance	\$ 59,688

To Be Paid Off at \$16,000/year over approx. 4 years

#### **Capital Reserve Account – FY 22-23 Deposit - \$0**

**CAREFREE WATER COMPANY  
10-YEAR CAPITAL IMPROVEMENT PLAN  
FY 22-23 THRU FY 31-32**

Capital Improvement Description	Fiscal Year (FY)										Line Item Total	Category Total	
	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32			
<b>Fire Protection</b>													
Number of Fire Hydrants	12*	3	3	3	3	3	3	3	3	3	3	39	
Fire Hydrants	\$ -	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 135,000	\$ 135,000
<b>System Automation and Technology</b>													
SCADA System Improvements	\$ 30,000				\$ 50,000							\$ 75,000	\$ 155,000
Billing System Upgrades				\$ 30,000								\$ 30,000	\$ 60,000
<b>System Improvements</b>													
Annual Meter Replacement (Typically 125 per year)	\$ 50,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ 405,000	\$ 405,000
Valve Replacement Program	\$ 50,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 35,000	\$ 35,000	\$ 35,000	\$ 320,000	\$ 320,000
Pipeline Upgrade Projects**	\$ 166,826	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 1,516,826	\$ 2,241,826
<b>Capital Equipment</b>													
Annual Contributor**	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 500,000	\$ 500,000
<b>Water Rights</b>													
Non-Indian Ag CAP	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000								\$ 64,000	\$ 64,000
<b>Capital Reserve</b>													
	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 450,000	\$ 450,000
<b>Total FY Expenditure</b>	\$ 362,826	\$ 341,000	\$ 341,000	\$ 371,000	\$ 385,000	\$ 335,000	\$ 340,000	\$ 335,000	\$ 376,000	\$ 420,000	\$ 420,000	\$ 3,606,826	\$ 3,606,826

\* As Part of the Carefree Water Consolidation Project  
 \*\* See Supplemental Capital Equipment Plan Spreadsheet  
 \*\*\* See Supplemental Pipeline Upgrade Projects Spreadsheet

**CAREFREE WATER COMPANY**  
**10-YEAR CAPITAL EQUIPMENT PROGRAM**  
**FY 22-23 THRU FY 31-32**

Capital Equipment Description	Fiscal Year (FY)										10-Yr Total	
	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32		
<b>Vehicles and Heavy Equip.</b>												
Work Truck #1			\$ 65,000						\$ 65,000			\$ 130,000
Work Truck #2				\$ 65,000								\$ 130,000
Work Vehicle - GM	\$ 50,000							\$ 50,000				\$ 100,000
Backhoe (75/25 Cost Split w/Town)					\$ 90,000							\$ 90,000
Vector Equipment (Ditch Witch)						\$ 70,000						\$ 70,000
Large Tools	\$ 5,000		\$ 5,000				\$ 5,000					\$ 25,000
<b>Technology &amp; Misc. (Computers, Printers, Work Stations, etc.)</b>												
Computer Replacements (\$1500/computer)		\$ 3,000	\$ 3,000							\$ 3,000		\$ 15,000
Server and Components				\$ 11,000							\$ 11,000	\$ 22,000
Meter Reading Technology Upgrades	\$ 6,000			\$ 6,000						\$ 8,000		\$ 28,000
<b>Total FY Expenditure</b>	\$ 61,000	\$ 3,000	\$ 73,000	\$ 82,000	\$ 95,000	\$ 73,000	\$ 16,000	\$ 50,000	\$ 81,000	\$ 76,000	\$ 610,000	
Prior FY Balance	\$ 60,208	\$ 54,208	\$ 106,208	\$ 88,208	\$ 61,208	\$ 21,208	\$ 3,208	\$ 42,208	\$ 47,208	\$ 21,208		
Annual FY Contribution	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 500,000	
Misc. Sales	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 50,000	
End of FY Balance	\$ 54,208	\$ 106,208	\$ 88,208	\$ 61,208	\$ 21,208	\$ 3,208	\$ 42,208	\$ 47,208	\$ 21,208	\$ 208		

**PIPELINE UPGRADE PROJECTS - PRIORITIZATION SUMMARY**

Priority	Project Description	Lineal Feet	Project Cost	FY 22-23 Funding					Unfunded Balance	Cumm. Unfunded Balance
				Capacity Fees	Carryover & Capital Reserves	Other Funding*	CIP	Unfunded Balance		
1	Silver Saddle Gravity Zone Upgrades - Ph. 1	4,050	\$ 1,649,925	\$ 608,352	\$ 241,573	\$ 800,000	\$ -	\$ -	\$ -	
2	Black Mtn. Foothills - Ph. 1	2,575	\$ 1,030,000		\$ 556,427		\$ 66,826	\$ 406,747	\$ 406,747	
3	Grandview Estates - Ph. 1	4,095	\$ 1,638,000				\$ 100,000	\$ 1,538,000	\$ 1,944,747	
4	Spanish Boot/Golden Spur - Ph. 1	3,025	\$ 1,058,750					\$ 1,058,750	\$ 3,003,497	
5	Grandview Estates - Ph. 2	2,570	\$ 1,028,000					\$ 1,028,000	\$ 4,031,497	
6	Black Mtn. Foothills - Ph. 2	3,400	\$ 1,190,000					\$ 1,190,000	\$ 5,221,497	
7	Spanish Boot/Golden Spur - Ph. 2	1,825	\$ 638,750					\$ 638,750	\$ 5,860,247	
8	Silver Saddle Gravity Zone Upgrades - Ph. 2	5,200	\$ 1,820,000					\$ 1,820,000	\$ 7,680,247	
9	Milky Way Fire Protection Upgrades	2,150	\$ 645,000					\$ 645,000	\$ 8,325,247	
10	Sidewinder Fire Protection Upgrades	3,200	\$ 1,120,000					\$ 1,120,000	\$ 9,445,247	
11	Carefree Drive Fire Protection Upgrades	2,000	\$ 700,000					\$ 700,000	\$ 10,145,247	
		<b>34,090</b>	<b>\$ 12,518,425</b>	<b>\$ 608,352</b>	<b>\$ 798,000</b>	<b>\$ 800,000</b>	<b>\$ 166,826</b>	<b>\$ 10,145,247</b>	<b>\$ 2,373,178</b>	
							<b>Total FY 22-23 Funding</b>			

\* Other Funding from Federally Directed Spending - FY 23

# Water Supply Fee Report and Policy Recommendations Carefree Water Company – FY 22-23

## **PURPOSE**

This report presents recommendations to implement a one-time “Water Supply Fee” for new development projects within the service area of the Carefree Water Company. The purpose of a Water Supply Fee is two-fold:

- 1) Collect from new development projects their reasonable share of costs already expended for securing the water supplies/water rights.
- 2) Provide the Water Company a mechanism to facilitate and fund the acquisition of new water supplies.

## **BACKGROUND AND HISTORY**

A significant amount of planning and capital expenditures have been committed to assure that Carefree has an adequate supply of water into the future. Our existing customer base has fully paid for these efforts.

The current drought situation within the western United States and particularly the desert southwest has highlighted the fact that our water supplies and water rights are limited resources and that even these resources could be curtailed in times of drought.

In order for Carefree to have an adequate supply of water into the future, we must manage and plan our finite water resources today and balance those resources with the need for reasonable growth, redevelopment, and revitalization.

## **CURRENT SUPPLY SITUATION**

The Carefree Water Company has secured the following water supplies:

<b>Water Supply</b>	<b>Year</b>	<b>Amount (AF/yr)</b>
CAP M&I (Original Allocation)	1990	400
CAP M&I (BHP Reallocation)	2001	900
CAP NIA (60% Availability)	2021	112
CAP M&I (Cave Creek Transfer)	Pending	378
<b>Total</b>		<b>1790</b>

The Carefree Water Company also has the right to pump groundwater within the Carefree Subbasin which is part of the East Salt River Valley aquifer. Although we exercise this right every year, the Arizona Department of Water Resources does not consider this groundwater resource as an “assured supply” that is continually available for the next 100-years and therefore we cannot utilize our groundwater resources to support new subdivision development within the Carefree community. Subdivision development is regulated by the ADWR and must obtain a “Certificate of Assured Water Supply” in order to be approved for development. Recent dealings with ADWR have indicated that currently only Carefree’s CAP M&I allocations can be utilized to demonstrate water availability to meet our existing demand and future demand for assured water supply purposes.

## **FUTURE SUPPLY SITUATION**

For purposes of this analysis, simplifying assumptions have been made in order to generate a reasonable Water Supply Fee until additional details on the amount and cost of future supplies are obtained. These assumptions are conservatively low. For example, the future water supply that has been selected for this analysis is new Bartlett Dam water rights delivered to the CAP canal through the future Salt River/CAP Interconnection Facility (SCIF). This would allow the delivery of Bartlett Dam water to one of our neighboring communities that we have Treatment and Transportation Agreements with. Although this appears to be a reasonable future water resource from a cost perspective, there is no guarantee that either one of these facilities will be constructed and that water supplies will be available. Therefore other more expensive alternatives may need to be implemented.



A Bartlett/SCIF alternative at 300 AF/yr of water supply has been chosen as the future water supply alternative because it produces a reasonably low future water supply cost alternative at \$3,900/AF. For comparison purposes, Queen Creek is currently working on a water supply alternative that acquires mainstream Colorado water rights that is incentivized at a cost \$7,000/AF. Future similar water supply alternatives are anticipated to cost \$10,000/AF.

Future build-out projections, including revitalization, also need to be studied in order to determine the exact amount of additional future water rights that will be needed for Carefree. A sensitivity analysis was run on the Bartlett/SCIF alternative for two smaller quantities of future water supply acquisitions; 200 AF and 100 AF. This resulted in lowering the calculated Water Supply Fee by only 3 and 7% respectively. Given that smaller water rights acquisitions become more difficult and less viable, the 300 AF option appears to be a reasonable target until future information determines that less future water supply is needed and that a smaller acquisition amount is feasible.

### **COST OF CURRENT AND FUTURE SUPPLIES**

Appendix A details the value/cost of various water rights in the Carefree portfolio. Generally, existing and anticipated CAP M&I water rights are valued at approximately \$2,000/AF. The full cost of CAP NIA water is anticipated to be \$3,250/AF, acknowledging the fact that this supply requires additional firming into the future for times of shortage when direct deliveries of this supply from the CAP Canal are not available (approximately 40% of the time). Bartlett Dam/SCIF water is calculated to cost \$3,900/AF as a future water supply.

### **WATER SUPPLY FEE**

Appendix A also contains the methodology and calculation for a Water Supply Fee of \$2,890/AF. The Policy Statement below provides guidance on how this fee would be applied.

### **POLICY STATEMENTS AND ADMINISTRATIVE GUIDANCE**

- All single-family residential units (SFRs) are assumed to require 0.5 AF/yr of water supply/water rights, setting the Water Supply Fee at \$1,445 per SFR dwelling unit.
- All multi-family residential units (MFRs) are assumed to require 0.25 AF/yr of water supply/water rights, setting the Water Supply Fee at \$722.50 per MFR dwelling unit.
- The Water Supply Fee for all other future water uses (commercial, irrigation, subdivision common areas including pools and recreational facilities, etc.) shall utilize the fee amount of \$2,890/AF multiplied by a calculated annual water demand. The calculated annual water demand shall be reviewed and approved by the Carefree Water Company. Carefree Water Company staff shall develop and implement future policies and procedures for the calculation of annual water demand calculations to ensure consistency and reasonableness.
- Redevelopment/revitalization projects shall qualify for a reasonable “credit” for existing annual water demand based on historic water use at a property. This historic annual water use shall be reviewed and approved by the Carefree Water Company and is exempt from the Water Supply Fee. The Water Supply Fee does apply to all newly generated annual water demand.
- Rebuilding/refurbishing existing SFRs and MFRs are exempt from Water Supply Fees as long as the usage on the property remains SFR or MFR, even if characteristics change (i.e. total square footage changes, number of water fixtures changes, etc.).
- Any land division that generates a new developable lot will require a Water Supply Fee at the time of development.
- Water Supply Fees can be included/acknowledged in negotiated Development Agreements.
- Water Supply Fees cannot be “prepaid”. Water supply Fees may only be paid at the time of development/redevelopment permit issuance.
- Water Supply Fees once paid, are non-refundable.

**APPENDIX A  
COST OF CURRENT WATER SUPPLIES**

**Original CAP M&I Allocation and Cave Creek Transfer – 778 AF**

Basis of water supply valuation

- CAP M&I Capital Charges (paid regardless of water usage) – 1993 thru 2022
  - Time Value of Money @ 5%
  - 2022 Value - **\$2,064.42/AF**

**Supplemental CAP M&I Allocation (BHP Copper) – 900 AF**

Basis of water supply valuation

- Upfront Cost - \$329,389.15 /900 AF = \$365.99/AF
  - Time Value of Money @ 5% - 2001 thru 2022
  - 2022 Value - \$1,019.63/AF
- CAP M&I Capital Charges (paid regardless of water usage) – 2001 thru 2022
  - Time Value of Money @ 5%
  - 2022 Value - \$960.30/AF
- Total = \$1,019.63/AF + \$960.30/AF = **\$1,979.93/AF**

**Supplemental CAP NIA Allocation – 112 AF**

Basis of water supply valuation

- Upfront Cost - \$219,688.00 /112 AF = \$1,961.50/AF
- 60% Availability = \$1,961.50/AF/0.6 = **\$3,269.17/AF**
  - (Assumed to be needed to firm-up supply, e.g. recharge, supplemental supply, etc.)

**Future Allocations – Bartlett Dam Water & Salt River/CAP Interconnect Facility (SCIF) - 300 AF**

Basis of water supply valuation

- Participation - \$120,000/300 AF = \$400/AF
- Bartlett Dam Water Estimate = \$2,500.00/AF
- SCIF Estimate = \$1,000/AF
- Total = \$400/AF + \$2,500.00/AF + \$1,000/AF = **\$3,900/AF**

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**Cost Allocation – Future Development and Redevelopment**

Assumptions

- Current potable demand is 1,300 AF/yr (including Acquisition Area)
- Current potable demand is met with Carefree’s CAP M&I Supplies, including our original allocation, the Cave Creek transfer, and the supplemental (BHP Copper) allocation
- Future development will pay their prorated share of “buy-in” costs plus future anticipated water supply costs using a weighted average

Calculation

- 1,790 AF/yr of existing supply (including Cave Creek Transfer) – 1,300 AF/yr of existing demand = 490 AF/yr of remaining existing supplies
- Include 300 AF/yr of future supplies = 490 AF/yr + 300 AF/yr = 790 AF/yr
- Weight the remaining costs (378 AF of BHP Copper, 112 AF of NIA, and 300 AF of Bartlett/SCIF)  
((378 AF/790AF) \* \$1,979.93) + ((112 AF/790AF) \* \$3,269.17) + ((300 AF/790AF) \* \$3,900.00)  
= \$947.36 + \$463.48 + \$1,481.01 = \$2,891.85 → **Use \$2,890/AF**



**APPENDIX B  
COST SENSITIVITY ANALYSIS**

**200 AF OPTION**

**Future Allocations – Bartlett Dam Water & Salt River/CAP Interconnect Facility (SCIF) - 200 AF**

Basis of water supply valuation

- Participation -  $\$120,000/200 \text{ AF} = \$600/\text{AF}$
- Bartlett Dam Water Estimate =  $\$2,500.00/\text{AF}$
- SCIF Estimate =  $\$1,000/\text{AF}$
- Total =  $\$600/\text{AF} + \$2,500.00/\text{AF} + \$1,000/\text{AF} = \$4,100/\text{AF}$

Calculation

- 1,790 AF/yr of existing supply (including Cave Creek Transfer) – 1,300 AF/yr of existing demand = 490 AF/yr of remaining existing supplies
- Include 200 AF/yr of future supplies =  $490 \text{ AF/yr} + 200 \text{ AF/yr} = 690 \text{ AF/yr}$
- Weight the remaining costs (378 AF of BHP Copper, 112 AF of NIA, and 200 AF of Bartlett/SCIF)  
 $((378 \text{ AF}/690\text{AF}) * \$1,979.93) + ((112 \text{ AF}/690\text{AF}) * \$3,269.17) + ((200 \text{ AF}/690\text{AF}) * \$4,100.00)$   
 $= \$1,084.66 + \$530.65 + \$1,188.41 = \$2,803.72 \rightarrow \text{Use } \$2,800/\text{AF} = 3\% \text{ Reduction}$

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**100 AF OPTION**

**Future Allocations – Bartlett Dam Water & Salt River/CAP Interconnect Facility (SCIF) - 100 AF**

Basis of water supply valuation

- Participation -  $\$120,000/100 \text{ AF} = \$1,200/\text{AF}$
- Bartlett Dam Water Estimate =  $\$2,500.00/\text{AF}$
- SCIF Estimate =  $\$1,000/\text{AF}$
- Total =  $\$1,200/\text{AF} + \$2,500.00/\text{AF} + \$1,000/\text{AF} = \$4,700/\text{AF}$

Calculation

- 1,790 AF/yr of existing supply (including Cave Creek Transfer) – 1,300 AF/yr of existing demand = 490 AF/yr of remaining existing supplies
- Include 100 AF/yr of future supplies =  $490 \text{ AF/yr} + 100 \text{ AF/yr} = 590 \text{ AF/yr}$
- Weight the remaining costs (378 AF of BHP Copper, 112 AF of NIA, and 100 AF of Bartlett/SCIF)  
 $((378 \text{ AF}/590\text{AF}) * \$1,979.93) + ((112 \text{ AF}/590\text{AF}) * \$3,269.17) + ((100 \text{ AF}/590\text{AF}) * \$4,700.00)$   
 $= \$1,268.50 + \$620.59 + \$796.61 = \$2,685.70 \rightarrow \text{Use } \$2,690/\text{AF} = 7\% \text{ Reduction}$

TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY  
FACILITIES DISTRICT, AND  
CAREFREE WATER COMPANY, INC.

UCFD/CWC

MAY - 3 2022

# 4

**BOARD COMMUNICATION**

TO: PRESIDENT AND BOARD MEMBERS  
FROM: MEGHAN OREM, DISTRICT TREASURER **MO**  
THROUGH: GREG CROSSMAN, DISTRICT MANAGER **GC**  
DATE: APRIL 26, 2022  
SUBJECT: MAY 3, 2022 BOARD MEETING  
AGENDA ITEM NO. 4 – RESOLUTION 2022-02

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Attached for your review prior to the May 3, 2022, Board meeting is Resolution 2022-02.

Resolution 2022-02, which is covered under Agenda Item No 4, accomplishes the following items which are legally required as part of the annual budgeting process for the Carefree UCFD and the Water Company:

- Approves the proposed FY 22-23 District budget
- Approves the proposed FY 22-23 Water Company rates, fees, deposits, and charges
- Orders a Public Hearing

Please contact Greg Crossman (480-488-9100; [greg@carefreewaterco.com](mailto:greg@carefreewaterco.com)) with any questions.

**UTILITIES COMMUNITY FACILITIES DISTRICT  
CAREFREE WATER COMPANY**

**RESOLUTION 2022-02**

**A JOINT RESOLUTION OF THE BOARD OF DIRECTORS OF THE TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT AND THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC. APPROVING A PROPOSED DISTRICT BUDGET FOR THE FISCAL YEAR BEGINNING JULY 1, 2022 AND ENDING JUNE 30, 2023; APPROVING PROPOSED CAREFREE WATER COMPANY RATES, FEES, DEPOSITS, AND CHARGES APPLICABLE FOR THE FISCAL YEAR BEGINNING JULY 1, 2022 AND ENDING JUNE 30, 2023; AND ORDERING A PUBLIC HEARING ON SUCH PROPOSED BUDGET AND RATES, FEES, DEPOSITS, AND CHARGES AS APPROVED.**

**WHEREAS**, pursuant to Arizona Revised Statutes ("A.R.S.") Section 48-716, the District Treasurer of the Town of Carefree, Arizona Utilities Community Facilities District (the "District") prepared and submitted to the Board of Directors of the District (the "District Board") for approval a proposed District budget for Fiscal Year 2022/23 (the "Proposed Budget"); and

**WHEREAS**, the Carefree Water Company, Inc. (the "Water Company"), is concurrently presenting to the Water Company Board of Directors and the District Board the proposed rates, fees, deposits, and charges applicable for Fiscal Year 2022/23, and such proposed rates, fees, deposits, and charges will be on file with the District Clerk;

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT AND THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC. AS FOLLOWS:**

**Section 1.** The Proposed Budget submitted to the District Board and attached as Exhibit A hereto, and the proposed rates, fees, deposits, and charges presented by the Carefree Water Company, Inc. for Fiscal Year 2022/23, to both the District and the Water Company Board are hereby approved and a hearing on the Proposed Budget and the identification and noticing of the rates, fees, deposits, and charges is hereby ordered as required by law.

**Section 2.** Publication of the notice of the public hearing on the Proposed Budget and the identification and noticing of the rates, fees, deposits, and charges in the form attached hereto as Exhibit B, which was published in accordance with the provisions of A.R.S. Section 48-716 is hereby ratified, approved and adopted.

**Section 3.** This Resolution is effective immediately.

**PASSED AND ADOPTED** by the Board of Directors of the Town of Carefree, Arizona Utilities Community Facilities District and the Board of Directors of the Carefree Water Company, Inc. on this 3<sup>rd</sup> day of May, 2022.

\_\_\_\_\_  
Les Peterson, Chairman - Board of Directors

ATTEST:

\_\_\_\_\_  
Kandace French Contreras, District Clerk

APPROVED AS TO FORM

\_\_\_\_\_  
Michael W. Wright, District Attorney

**CERTIFICATE**

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Town of Carefree, Arizona Utilities Community Facilities District and the Board of Directors of the Carefree Water Company, Inc. at a regular joint meeting held on May 3, 2022, and that a quorum was present.

AYES \_\_\_\_\_ NAYS \_\_\_\_\_ ABSTENTIONS \_\_\_\_\_ ABSENT \_\_\_\_\_

\_\_\_\_\_  
Kandace French Contreras, District Clerk

ATTACHMENTS:

- Exhibit A — Proposed Budget Fiscal Year 2022/23
- Exhibit B — Notice of Hearing

EXHIBIT A

TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT

PROPOSED BUDGET FISCAL YEAR 2022/23

<b>BEGINNING FUNDS AVAILABLE</b>		<b>\$17,816,919</b>
<b>SOURCES</b>		
<b>REVENUES (FROM CAREFREE WATER COMPANY)</b>		
Debt Service and Rent Revenue	\$692,104	
Capital Construction Revenue (Includes Fed. Local Match)	\$1,000,000	
<b>Total Revenues</b>		<b>\$1,692,104</b>
<b>OTHER FINANCING SOURCES</b>		
American Rescue Plan Funds	\$655,812	
Federally Directed Funding	\$800,000	
Developer Contributions	\$1,000,000	
<b>Total Other Financing Sources</b>		<b>\$2,455,812</b>
<b>TOTAL SOURCES</b>		<b>\$21,964,835</b>
<b>EXPENDITURES</b>		
<b>ADMINISTRATION</b>		
Rent	\$33,000	
<b>Total Administration</b>		<b>\$33,000</b>
<b>CAPITAL</b>		
Public Infrastructure - Construction	\$19,400,000	
Contingency	\$1,000,000	
<b>Total Capital</b>		<b>\$20,400,000</b>
<b>DEBT SERVICE</b>		
Principal – Water System Revenue Bonds Series 2021	\$ -	
Interest – Water System Revenue Bonds Series 2021	\$741,400	
Trustee Fees	\$800	
Capital Advance Payment	\$414,340	
Capital Lease Payment (WIFA)	\$244,764	
<b>Total Debt Service</b>		<b>\$1,401,304</b>
<b>TOTAL EXPENDITURES</b>		<b>\$21,834,304</b>
<b>ENDING FUNDS AVAILABLE</b>		<b>\$130,531</b>

**EXHIBIT B**

**TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT**

**NOTICE OF HEARING**

**REQUIRED BY A.R.S. §§48-716 AND 48-720(D)**

**ON THE PROPOSED BUDGET FOR FY 2022/23**

**OF**

**TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT**

Pursuant to Sections 48-716 and 48-720(D), Arizona Revised Statutes, notice is hereby given that a public hearing on the Proposed Budget of the Town of Carefree, Arizona Utilities Community Facilities District for FY 2022/23 will be held by the District Board on May 3, 2022, at 4:00 p.m. at the Carefree Town Council Chambers, 33 Easy Street, Carefree, AZ 85377. A copy of the Proposed Budget and the rates, fees and charges are on file with the Clerk of the Town of Carefree, Arizona and the District Clerk of Town of Carefree, Arizona Utilities Community Facilities District, at the Carefree Town Hall, 8 Sundial Circle, Carefree, Arizona 85377, telephone number (480) 488-3686. This notice also constitutes notice of the rates, fees and charges as required by Section 48-720(D), of the Arizona Revised Statutes.

Any interested party having COVID-19 concerns may view the meeting livestream at <https://zoom.us/>, Meeting ID 322 972 9660, Passcode 12345.

**Public Comment** – Submission of public comments may be provided in-person or in typed format by email to [Kandace@Carefree.org](mailto:Kandace@Carefree.org). Comments are to be limited to not more than one-half page, double spaced, 12 point type. No more than one submission per person or legal entity per meeting will be read into the record. Please identify your town or city of residence. Comments that do not comply with the format specified may not be read during this Board meeting. Comments must be received by 12:00 noon on the day of the meeting.

DATED this 12th day of April, 2022.

*/s/ Greg Crossman* \_\_\_\_\_

District Manager

Town of Carefree, Arizona Utilities

Community Facilities District