

MINUTES OF THE 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.

WHEN: TUESDAY, MAY 6, 2025

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

LIVESTREAM: CAREFREE YOUTUBE CHANNEL
<https://www.youtube.com/@Carefree.AZgov>

TIME: 4:00 P.M.

Pursuant to A.R.S. 38-431.02, notice is hereby given to the members of the Utilities Community Facilities District Board of Directors of the Town of Carefree, Arizona and to the general public that the members of the Utilities Community Facilities District Board of Directors will hold a meeting open to the public. For any item listed on the agenda, the Board of Directors may vote to go into Executive Session for advice of counsel and/or to discuss records and information exempt by law or rule from public inspection, pursuant to Arizona Revised Statutes §38-431.03.

CALL TO ORDER 4:00 p.m.

ROLL CALL

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

Present: John Crane, Chair
Cheryl Kroyer, Vice Chair
Sheila Amoroso, Board Member
Clint Miller, Board Member
Lon Johnson, Board Member
Colleen Rose Scurti, Board Member
Diane Lloyde Roth, Board Member

Staff Present: Greg Crossman, Manager
Kristen Krey, Secretary/Treasurer
Nikki Matzdorf, Admin- Carefree Water Company
Manuel Jones, Field Supervisor- Carefree Water Company
Meghan Orem, Budget - Carefree Water Company

REGULAR AGENDA

1. Approval of the November 12, 2024, Joint Meeting of the Board of Directors of the Town of Carefree Utilities Community Facilities District and Board of Directors of the Carefree Water Company Meeting Minutes.

The minutes were approved with an administrative correction noted to replace Tony Geiger's name in the voting tables with the correct Board Member.

Motion to Approve: Board Member Sheila Amoroso

Second: Vice Chair Cheryl Kroyer

Vote: 7-0

Voting Member	Aye/Nay
Chair John Crane	Aye
Vice Chair Cheryl Kroyer	Aye
Sheila Amoroso	Aye
Lon Johnson	Aye
Clint Miller	Aye
Diane Lloyd Roth	Aye
Colleen Rose- Scurti	Aye

2. Presentation on the proposed FY 25-26 Town of Carefree, Arizona Utilities Community Facilities District (Carefree UCFD) budget (informational only).

Greg Crossman presented the proposed FY 25-26 budget for the UCFD. The budget is simple and primarily authorizes debt service payments, a key function of the UCFD.

It also funds two capital projects:

- Peaceful Place Booster Pump Station Improvement Project: currently under construction and expected to be completed by mid to late summer. This project will enable fire protection for the Peaceful Place neighborhood and allow the final 24 Cave Creek water customers to transition to Carefree, completing the acquisition process.
- Silver Saddle Pipeline Improvement Project: funded in part by an \$800,000 EPA community grant awarded on March 28. The project will soon be put out for bids.

Revenue sources:

- Carefree Water Company (primary funding source for debt and rent obligations- \$1.4 million).
- \$800,000 EPA grant.
- \$2 million capital advance from the Town (from FY 2023--24).
- The \$2.8 million from the grant and town advance will fund the two capital projects.

3. Presentation on the proposed FY 25-26 Carefree Water Company budget, rates, fees, and charges (informational only).

Greg Crossman presented the FY25-26 Carefree Water Company proposed budget.

Budgeting Process Overview:

The Water Company's budgeting follows a structured process, beginning with identifying fixed costs (water supply, treatment, pumping, payroll, maintenance, debt service, etc.).

Discretionary expenses are then calculated via a profit and loss analysis. The company has adhered to a 5-year rate plan, implementing a 4.4% annual rate increase, despite actual inflation being higher.

Key Budget Considerations & Cost Increases

Water Costs:

- Going up 6% to \$1.8 million.
- Driven by higher CAP water costs (+14%), Scottsdale treatment & delivery costs (+5%), and APS electricity (+6%).
- General & Administrative (G&A) Costs up 9%, primarily due to:
 - \$75,000 for lead service line determinations (600 of 1,200 unknowns to be addressed this year).
 - \$50,000 for updating the emergency response and risk & resilience plans.
 - Payroll is increasing 4% (includes a 4.5% COLA and one new part-time office staff).

Replacement & Maintenance:

- Costs are being well-managed despite a 30% growth in service area.
- Supply chain issues are improving, shortening wait times for critical materials and equipment.

Revenue & Rate Impact

- Average residential bill to increase by \$5.69/month, based on 12,000 gallons/month usage.
- Projected revenue to grow from \$5.0M to \$5.2M.
- Customer base grew by 30% over 3 years (from 2,000 to 2,600 customers).

Discretionary Spending & Capital Improvements

- Reserve Fund: Target raised from \$1M to \$1.4M; contributing \$40,000/year to reach goal in 10 years.

Capital Improvements (~\$315K total):

- Replacing 3 fire hydrants.
- Replacing outdated meters and pipelines (\$186K).
- Annual \$55k deposit to Capital Equip Fund for vehicles/equip.
- Final payment for NIA water rights (\$16K).
- Continued participation in Bartlett Dam water rights discussion (\$43K).

Other Notable Changes

- Standpipe/fill station (for water haulers):
 - 40% rate increase to align with market and recover costs.
 - Minimum charge raised from \$5 to \$20.
 - Background: Restrictions in place to prevent overuse after Scottsdale cut off water haulers to Rio Verde.
- Water Supply Fee (charged to new development):
 - Increased 44% to help fund future water supply acquisition.
 - Increased to \$2,700 per single-family home, \$1,350 per multi-family unit.

Conclusion

The presentation concluded with an invitation for questions, summarizing both the UCFD and Carefree Water Company budgets. The approach maintains fiscal responsibility while addressing regulatory requirements, inflation, and growing service needs.

Board Members asked questions regarding the following items and Mr. Crossman provided responses.

- Standpipe Usage: The standpipe is used by water haulers, contractors, and some individual residents. Most users are from outside Carefree, providing limited benefit to local residents.
- Pipeline Budget and Projects: Budget is being held in anticipation of two possible projects.
 - The Silver Saddle Pipeline Project
 - Potential impacts from the Scottsdale's Carefree Highway Improvement Project, especially due to drainage concerns.
- Colorado River Water Cuts: Water supply cuts (20--25%) are expected but manageable in the short term. Carefree is in a strong position due to foresight in securing water rights and judicious groundwater use. Long-term solutions are being considered due to ongoing drought.
- Bartlett Project: Carefree pays annually to participate. Capital costs will be significant (in the millions). 21 entities are involved; Carefree has one of the smallest allocations but sees value in continued participation. Cave Creek has recently joined the project and requested 1,000 acre-feet.
- Fire Hydrants: One hydrant is currently out of service; three replacements are planned. Carefree now maintains 430 hydrants (up from 270). Regular maintenance and upgrades are ongoing. Hydrants on Peaceful Place are not yet active; awaiting booster station completion.
- Generator Relocation at Peaceful Place BPS: A large generator was temporarily moved outside the pump station due to construction work but will be returned inside after a new pad is poured.
- Consultants: A consultant will be hired to update the Emergency Response Plan and the risks, and reliance calculations, likely the same one used in the original study.

4. Review, discussion, and possible action on Resolution 2025-01 approving the proposed FY 25-26 Carefree UCFD budget and the proposed FY 25-26 Carefree Water Company budget, rates, fees, and charges and calling for a Public Hearing.

Resolution 2025-01 was introduced for approval. This resolution accomplishes three main things:

- Approves the proposed (preliminary) FY 2025--2026 budget for both the UCFD and the Carefree Water Company.
- Approves rates, fees, deposits, and charges for the Carefree Water Company.
- Orders a public hearing to review these proposed budgets.

The board clarified that this step sets the proposed budget and authorizes the public hearing; it does not finalize the budget or rates yet.

Motion to Approve: Board Member Sheila Amoroso

Second: Vice Chair Cheryl Kroyer

Vote: 7-0



Voting Member	Aye/Nay
Chair John Crane	Aye
Vice Chair Cheryl Kroyer	Aye
Sheila Amoroso	Aye
Lon Johnson	Aye
Clint Miller	Aye
Diane Lloyd Roth	Aye
Colleen Rose- Scurti	Aye

- Public Hearing on the proposed FY 25-26 Carefree UCFD budget and the proposed FY 25-26 Carefree Water Company budget, rates, fees, and charges.

The public hearing was opened, but no public comments were received.

The public hearing was then closed.

- Adjournment.
4:49 p.m. Board Member Sheila Amoroso made the motion to adjourn and Vice Chair Cheryl Kroyer seconded. All were in favor. Meeting adjourned.

DATED this 16th of May, 2025.

UCFD/CAREFREE WATER COMPANY, INC.

BY: _____
Kristen Krey, Secretary/Treasurer

BOARD OF DIRECTORS

John Crane, Chairman

Attest:

Kristen Krey, Secretary/Treasurer

CERTIFICATION

I hereby certify that the foregoing are a true and correct copy of the Minutes of the Joint Meeting 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. held on the date noted above. I further certify that the meeting was duly called and held and that a quorum was present.

Kristen Krey, Secretary/Treasurer