

**NOTICE OF JOINT 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, JUNE 6, 2017

WHERE: FCF - HOLLAND COMMUNITY CENTER, QUAIL ROOM
34250 N. 60TH STREET, BUILDING B, SCOTTSDALE, AZ 85266

TIME: 4:00 P.M.

Pursuant to A.R.S. § 10-822, notice is hereby given of the time, place, and purposes of the joint 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.

The agenda for the meeting is as follows:

CALL TO ORDER

SILENT ROLL CALL

One or more members of the Board of Directors may be unable to attend the meeting in person and may participate by technological means or methods pursuant to A.R.S. § 10-708.

AGENDA

ITEM #1 Approval of the November 1, 2016 UCFD/CWC meeting minutes.

ITEM #2 Discussion and possible action regarding approval of the FY 2017-2018 Carefree Water Company Budget and Rate Schedule.

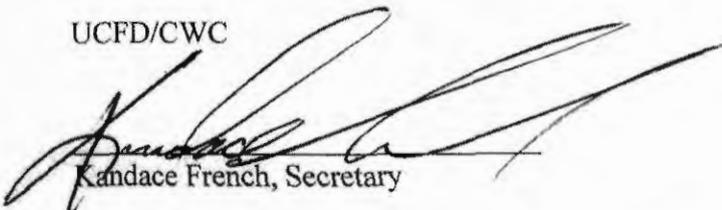
ITEM #3 Water Metering/Water Conservation Update – Informational Only

ITEM #4 Water Supply and Regulatory Update – Informational Only.

ITEM #5 Adjournment

DATED this 31st day of May, 2017.

UCFD/CWC


Kandace French, Secretary

Items may be taken out of order.



FOR SPECIAL ACCOMMODATIONS

Please contact the 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 ANNUAL JOINT 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, NOVEMBER 1, 2016
WHERE: FCF – HOLLAND COMMUNITY CENTER, QUAIL ROOM
TIME: 5:00 P.M.

Attending were:

President Les Peterson
Vice President John Crane

Absent:

None

Board of Directors:

Mike Farrar
Bob Gearhart
Gene Orrico
Glenn Miller
Melissa Price

Also attending:

Greg Crossman, Manager; Meghan Orem, Controller; Michael Wright, Attorney; Kandace French, Secretary/Treasurer.

President Peterson opened the meeting at 5:00 p.m. and requested a silent roll call.

AGENDA**ITEM #1 Approval of the June 7, 2016 UCFD/CWC meeting minutes.**

President Peterson introduced the agenda item.

Vice President Crane made a **motion** to approve the June 7, 2016 Minutes as presented with a **second** by Board Member Farrar. It was **carried** unanimously.

ITEM #2 Discussion and possible action regarding 2015-2016 Fiscal Year audit.

President Peterson introduced the agenda item and introduced the Carefree Water Company Manager, Greg Crossman.

Mr. Crossman spoke to the Board and introduced Meghan Orem, part-time Controller for the company, and Crimson Singleton, CPA, CGFM, Audit Manager for the firm of HintonBurdick, PLLC. Ms. Singleton appeared telephonically.

Mr. Crossman and Ms. Orem outlined the goals of the audit, including the use of generally accepted accounting practice and compliance with the statements and guidelines of the

Governmental Accounting Standards Board (GASB). He reminded the Board that his office also had history of transparency, which he endeavored to continue.

Mr. Crossman provided the audit results for the Carefree Water Company and the Carefree Utilities Community Facilities District (“UCFD”). It was determined by the auditor that the accounting practices and principles were in order. Additionally, the Water Company was able to cover all liabilities and deposit additional funds into the reserves. He was pleased with the audit findings.

Ms. Crimson Singleton stated that Mr. Crossman presented the audit correctly. She was comfortable with the finding and found sound management practices for the UCFD and the Water Company. It was considered a “clean audit”.

There were no additional questions from the Board.

President Peterson asked for a motion to approve the 2015-2016 Fiscal Year Audit.

Vice President Crane made a **motion** to approve the audit as presented. There was a **second** by Board Member Orrico. It was **carried** unanimously.

ITEM #3 Water Metering/Water Conservation Update – Informational Only

Mr. Crossman then presented information on the “Beacon/EyeOnWater” Pilot Program. He described the use of the new meter technology and the benefits to both the Water Company and the consumer. He explained it was compatible with the existing badger meters and used cell phone technology for data communication. In addition, it provided the customer and the Water Company with hourly water use data.

Mr. Crossman explained the Pilot Program was begun in April, 2016. There were 10 systems installed throughout a cross section of customers, but mainly residential. It provided access to the EyeOnWater website.

In September, the Water Company distributed surveys to the 10 Pilot Program Participants. All 10 responded. A summary of those responses was provided to the Board. The survey results indicate the program is very successful and received very positive responses.

Mr. Crossman suggested that the Beacon/EyeOnWater program be made available to all customers on a voluntary basis. The suggested price is \$250 for a 10-year service. It would require a \$3,000.00 expenditure by the Water Company.

There were questions and discussion by the Board Members.

Mr. Crossman responded.

PUBLIC COMMENT

Cheryl Kroyer, Carefree, appeared and spoke regarding the sample size representative of survey opinions. She asked if there were any negative comments and also asked Mr. Crossman for information regarding his break-even point.

Mary Peterson, Carefree, appeared and asked Mr. Crossman if the use of the program would change how the meters are read by the Water Company.

Mr. Crossman responded.

ITEM #4 Water Supply Update – Informational Only.

Mr. Crossman they provided the Board with a detailed report of the status of the water supply for the Carefree area. He outlined the status of the Colorado River and detailed the three supply conditions. He stated that years 2016 and 2017 were expected to be normal years while there was a 50/50 chance of 2018 being a shortage year. Mr. Crossman explained there was no recommendations at this time for municipal cutbacks and all cutbacks were to the agricultural community.

He then detailed the groundwater supply status and provided information on the City of Scottsdale's continued recharge of the East Basin. He stated the groundwater levels of the East Basin continue to rise. And the supply conditions of the groundwater basin continue to be good.

There was discussion and questions from the Board regarding future studies of the groundwater and use of water by the Town of Cave Creek.

ITEM #5 Adjournment

Board Member Farrar made a **motion** to adjourn with a **second** by Board Member Orrico. It was **carried** unanimously and the meeting adjourned at 5:47 p.m.

DATED this 8th day of November, 2016.

UCFD/CWC

Kandace French, Secretary/Treasurer

BOARD OF DIRECTORS

Les Peterson, President

Attest:

Kandace French, 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 November 1, 2016. I further certify that the meeting was duly called and held and that a quorum was present.

Kandace French, Secretary/Treasurer

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**CAREFREE WATER COMPANY, INC. AND
CAREFREE UTILITIES COMMUNITY FACILITIES DISTRICT**

BOARD COMMUNICATION

TO: PRESIDENT AND BOARD MEMBERS
FROM: MEGHAN OREM, CONTROLLER *MO*
THROUGH: GREG CROSSMAN, GENERAL MANAGER *GC*
DATE: MAY 30, 2017
SUBJECT: FY 17-18 WATER COMPANY BUDGET AND RATE SCHEDULE

Attached for your review prior to the June 6, 2017, Board meeting are proposed budget and water rate documents for FY 17-18. The Water Company's fiscal year coincides with the Town's and runs from July 1, 2017, through June 30, 2018.

Proposed for FY 17-18 is a water rate increase of 2%. 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 \$1.88 per month. This figure is based on an average residential water use of 10,975 gallons per month.

The Water Company's budget is developed as a balanced budget, with revenues matching expenses. Anticipated revenues for FY 17-18 are \$2.59 million.

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

- APS Power – 2% increase
- CAP Water (Untreated) – 17% increase
- Scottsdale Water (Treated) – 3%
- Cave Creek Water (Treated) – No Increase
- Overall Payroll Costs – 2% Decrease

BUDGET DETAIL

Included in this packet are the following FY 17-18 documents:

- Water Rates Summary and Spreadsheets (pages 2-5)
- Profit and Loss Summary and Spreadsheet (pages 6-7)
- Cost of Water Summary and Spreadsheet (pages 8-9)
- General and Administrative Budget Summary and Spreadsheet (pages 10-14)
- Replacement and Maintenance Budget Summary and Spreadsheet (pages 15-17)
- Reserve Recommendations (page 18)
- Capital Improvement Program – FY 16-17 Offset Recommendations (page 19)
- Capital Improvement Program Recommendations and Spreadsheet (pages 20-21)
 - Capital Equipment Program Spreadsheet (pages 22)

Please contact me or Greg Crossman (480-488-9100; Meghan@carefreewaterco.com; greg@carefreewaterco.com) with any questions you might have.

Water Rates Summary Carefree Water Company – FY 17-18

- 2% Overall Water Rate Increase – Base Fee and Commodity Rates
- Average Monthly Bill Increase (Residential): \$1.82
- Current Average Monthly Residential Bill: \$90.93 – Proposed Average Monthly Residential Bill: \$92.75
- Average Residential Monthly Water Use: 10,975 gallons

- Current Residential Base Fee: \$42.19 – Proposed Residential Base Fee: \$43.03
- 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 2%

- Similar 2% adjustments to other rate categories (commercial meters and master meters)

**Carefree Water Company
FY17-18 Rate Sheet @ 2% Base and Commodity Increase**

WR1 & WR4

	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	
Tier 1 - \$3.48 (Curr - \$3.41)	1,000	42.19	43.03	0.84	3.41	3.48	0.07	45.60	46.51	0.91	4.25	4.33	0.08	49.85	50.84	0.99	2%
	2,000	42.19	43.03	0.84	6.82	6.96	0.14	49.01	49.99	0.98	4.57	4.66	0.09	53.58	54.65	1.07	2%
	4,000	42.19	43.03	0.84	13.64	13.92	0.28	55.83	56.95	1.12	5.22	5.32	0.10	61.05	62.27	1.22	2%
	6,000	42.19	43.03	0.84	20.46	20.88	0.42	62.65	63.91	1.26	5.87	5.98	0.12	68.52	69.89	1.38	2%
	8,000	42.19	43.03	0.84	27.28	27.84	0.56	69.47	70.87	1.40	6.51	6.64	0.13	75.98	77.51	1.53	2%
Tier 2 - \$4.68 (Curr - \$4.59)	9,000	42.19	43.03	0.84	31.87	32.52	0.65	74.06	75.55	1.49	6.95	7.08	0.14	81.01	82.63	1.63	2%
	10,975	42.19	43.03	0.84	40.94	41.76	0.83	83.13	84.79	1.67	7.80	7.96	0.16	90.93	92.75	1.82	2%
	14,000	42.19	43.03	0.84	54.82	55.92	1.10	97.01	98.95	1.94	9.11	9.29	0.18	106.12	108.24	2.12	2%
	16,000	42.19	43.03	0.84	64.00	65.28	1.28	106.19	108.31	2.12	9.98	10.18	0.20	116.17	118.49	2.32	2%
	18,000	42.19	43.03	0.84	73.18	74.64	1.46	115.37	117.67	2.30	10.85	11.06	0.21	126.22	128.73	2.51	2%
20,000	42.19	43.03	0.84	82.36	84.00	1.64	124.55	127.03	2.48	11.71	11.94	0.23	136.26	138.97	2.71	2%	
Tier 3 - \$6.15 (Curr - \$6.03)	22,000	42.19	43.03	0.84	94.42	96.30	1.88	136.61	139.33	2.72	12.85	13.10	0.25	149.46	152.43	2.97	2%
	24,000	42.19	43.03	0.84	106.48	108.60	2.12	148.67	151.63	2.96	13.98	14.26	0.28	162.65	165.89	3.24	2%
	26,000	42.19	43.03	0.84	118.54	120.90	2.36	160.73	163.93	3.20	15.12	15.41	0.30	175.85	179.34	3.50	2%
	28,000	42.19	43.03	0.84	130.60	133.20	2.60	172.79	176.23	3.44	16.25	16.57	0.32	189.04	192.80	3.76	2%
	30,000	42.19	43.03	0.84	142.66	145.50	2.84	184.85	188.53	3.68	17.39	17.73	0.34	202.24	206.26	4.02	2%
Tier 4 - \$7.94 (Curr - \$7.78)	32,000	42.19	43.03	0.84	158.22	161.38	3.16	200.41	204.41	4.00	18.85	19.22	0.37	219.26	223.63	4.37	2%
	35,000	42.19	43.03	0.84	181.56	185.20	3.64	223.75	228.23	4.48	21.04	21.45	0.42	244.79	249.68	4.90	2%
	40,000	42.19	43.03	0.84	220.46	224.90	4.44	262.65	267.93	5.28	24.69	25.18	0.49	287.34	293.11	5.77	2%
	45,000	42.19	43.03	0.84	259.36	264.60	5.24	301.55	307.63	6.08	28.34	28.90	0.57	329.89	336.53	6.65	2%
	50,000	42.19	43.03	0.84	298.26	304.30	6.04	340.45	347.33	6.88	31.99	32.63	0.64	372.44	379.96	7.52	2%
Tier 5 - \$10.32 (Curr - \$10.12)	55,000	42.19	43.03	0.84	348.86	355.90	7.04	391.05	398.93	7.88	36.73	37.46	0.73	427.78	436.39	8.61	2%
	60,000	42.19	43.03	0.84	399.46	407.50	8.04	441.65	450.53	8.88	41.46	42.29	0.83	483.11	492.82	9.71	2%
	65,000	42.19	43.03	0.84	450.06	459.10	9.04	492.25	502.13	9.88	46.20	47.12	0.92	538.45	549.25	10.80	2%
	70,000	42.19	43.03	0.84	500.66	510.70	10.04	542.85	553.73	10.88	50.94	51.95	1.01	593.79	605.68	11.89	2%
	80,000	42.19	43.03	0.84	601.86	613.90	12.04	644.05	656.93	12.88	60.42	61.61	1.20	704.47	718.54	14.08	2%
	90,000	42.19	43.03	0.84	703.06	717.10	14.04	745.25	760.13	14.88	69.89	71.28	1.38	815.14	831.41	16.26	2%
	100,000	42.19	43.03	0.84	804.26	820.30	16.04	846.45	863.33	16.88	79.37	80.94	1.57	925.82	944.27	18.45	2%

 Average Residential Usage

CAREFREE WATER COMPANY RATE SCHEDULE
Effective July 1, 2017
Before Taxes

Meter Type	Meter Size	Meter Classification	Monthly Base Fee	Monthly Commodity (Usage) Charges and Tier Breakdown									
				Tier 1 \$3.48 per 1,000 gal.		Tier 2 \$4.68 per 1,000 gal.		Tier 3 \$6.15 per 1,000 gal.		Tier 4 \$7.94 per 1,000 gal.		Tier 5 \$10.32 per 1,000 gal.	
				From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)	From (gallons)	To (gallons)
RESIDENTIAL METERS													
Residential	5/8 x 3/4 Inch	WR1	\$ 43.03	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over
Residential	1 inch	WR4	\$ 43.03	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over
COMMERCIAL METERS													
Commercial	1 inch	WR5	\$ 77.47	0	8,000	8,001	16,000	16,001	32,000	32,001	64,000	64,001	and over
Commercial	1-1/2 inch	WR6	\$ 192.27	0	11,000	11,001	16,000	16,001	35,000	35,001	70,000	70,001	and over
Commercial	2 inch	WC8	\$ 460.88	0	20,000	20,001	40,000	40,001	80,000	80,001	160,000	160,001	and over
Commercial	3 inch	WC9	\$ 614.34	0	100,000	100,001	200,000	200,001	400,000	400,001	600,000	600,001	and over
MASTER METERS													
Master Meter 1		MM1 - 8	\$ 327.04	0	30,000	30,001	40,000	40,001	60,000	60,001	80,000	80,001	and over
Master Meter 2		MM2 - 4	\$ 163.52	0	30,000	30,001	50,000	50,001	70,000	70,001	90,000	90,001	and over
Master Meter 3		MM3 - 8	\$ 327.04	0	40,000	40,001	80,000	80,001	100,000	100,001	150,000	150,001	and over
Master Meter 4		MM4 - 6	\$ 245.28	0	50,000	50,001	100,000	100,001	190,000	190,001	250,000	250,001	and over
Master Meter 5		MM5 - 12	\$ 500.75	0	30,000	30,001	50,000	50,001	80,000	80,001	100,000	100,001	and over
Master Meter 6		MM6 - 38	\$ 1,553.42	0	170,000	170,001	270,000	270,001	300,000	300,001	350,000	350,001	and over
Master Meter 7		MM7 - 18	\$ 735.84	0	80,000	80,001	100,000	100,001	120,000	120,001	150,000	150,001	and over
Master Meter 8		MM8 - 11	\$ 449.67	0	90,000	90,001	150,000	150,001	200,000	200,001	250,000	250,001	and over
Master Meter 9		MM9 - 10	\$ 408.80	0	75,000	75,001	105,000	105,001	135,000	135,001	165,000	165,001	and over
Master Meter 10		MM10 - 11	\$ 449.67	0	60,000	60,001	120,000	120,001	190,000	190,001	220,000	220,001	and over
STAND PIPE													
Stand Pipe		CWH	-	\$6.16 per 1000 gallons - Minimum Billing \$5.00 - Additional Keys \$10.00									
FIRE HYDRANT METER													
Fire Hydrant		FHY	\$ 135.25	\$6.16 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, 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)	\$10.00
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	\$200.00
Commercial	3X Average Water Bill
Stand Pipe	\$50.00
Fire Hydr. Meter	\$900.00

PAYMENT AND BILLING FEES	
Credit Card Convenience Fee (per transaction)	
Monthly Billings & Other Charges Under \$500	\$3.50
Other Charges Over \$500	3% of Amount
Late Payment or Delinquent Charge (per month)	\$5.00
Foreign Currency Transaction	\$5.00
Foreign Mailing Fee	\$2.00
Insufficient Funds or Returned Check Fee	Bank Charge Amt
Interest on Outstanding Balance	1.5% per month

MISCELLANEOUS SERVICES AND FEES	
Data Log Fee - Beginning With Second Data Log	\$25.00
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)	\$80.00
Unauthorized Meter Turn-On - Residential	\$150.00
Unauthorized Meter Turn-On - Commercial	\$250.00
Unauthorized Fire Hydrant Use - Per Use	\$300.00

NEW CONSTRUCTION CHARGES AND FEES			
Meter and Service Size	Service Connection Charge	Water Capacity Fee ¹	Total
1 Inch Meter and Service	\$3,080.00	\$3,639.00	\$6,719.00
1 Inch Meter Only-New Subdivision	\$965.00	\$3,639.00	\$4,604.00
1-1/2 Inch Meter and Service	\$4,275.00	\$6,595.00	\$10,870.00
2 Inch Meter and Service	\$6,480.00	\$10,244.00	\$16,724.00
3 Inch Compound Meter	\$20,175.00	\$20,806.00	\$40,981.00
4 Inch Compound Meter	\$25,000.00	\$31,880.00	\$56,880.00

¹Distribution, Storage, and Pumping Capacity

SAMPLE RESIDENTIAL WATER BILL CALCULATION ²					
1 Inch Residential Meter (WR4 Classification) @ 24,000 gallons					
Tier 1:	8,000 gallons	@	\$ 3.48 /1000 gal.	=	\$ 27.84
Tier 2:	12,000 gallons	@	\$ 4.68 /1000 gal.	=	\$ 56.16
Tier 3:	4,000 gallons	@	\$ 6.15 /1000 gal.	=	\$ 24.60
Tier 4:	0 gallons	@	\$ 7.94 /1000 gal.	=	\$ -
Tier 5:	0 gallons	@	\$ 10.32 /1000 gal.	=	\$ -
Month Total:	24,000 gallons			Base Fee	\$ 43.03
				Total (Does not include taxes)	\$ 151.63

² A Residential Water Bill Calculator is available on our website at www.carefreewaterco.com

Profit and Loss Summary Carefree Water Company – FY 17-18

- “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:
 - Bond Debt Repayment (original Water Company purchase)
 - WIFA Loan Repayment
 - Town of Carefree Repayment
 - Water Company Building Rent
 - Reserve Deposits
 - Capital Improvement Projects
- Bottom Line: Revenue stream must cover all cash uses (cash flow/expenditures)

**Carefree Water Company
PROFIT AND LOSS
2017-2018 Budget**

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
Revenues	9.8%	9.4%	9.4%	8.5%	8.0%	7.4%	6.9%	6.8%	7.8%	8.1%	7.9%	10.0%	100%
Water Sales	246,116	240,417	231,794	215,340	203,683	182,392	175,924	173,573	191,815	204,974	201,802	245,526	2,513,354
New Meter & Service Fees	3,080		965			965			965			3,080	9,055
DFGC Electrical Fees			5,659			5,659			5,659			5,659	22,636
Cell Tower Rental Fees (net)	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	1,380	16,560
Other Revenues	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Total Revenues	252,576	243,797	241,798	218,720	207,063	192,396	179,304	176,953	201,819	208,354	205,182	257,645	2,585,605
Cost of Water													
Scottsdale CAP	49,130	46,103	43,555	42,368	38,634	32,243	31,434	30,513	34,849	38,915	40,869	48,788	477,401
Cave Creek CAP	13,904	13,044	12,320	11,983	10,587	8,826	8,603	8,349	9,544	10,664	11,203	13,385	132,412
Ground Water Pumped	11,628	9,229	8,894	8,737	8,091	7,275	9,172	7,054	7,608	8,127	8,376	9,390	103,583
Central Ariz Project	14,878	14,165	13,565	13,286	12,129	10,670	12,740	17,521	13,553	14,521	14,986	16,870	168,884
Total Water Costs	89,540	82,541	78,334	76,374	69,441	59,014	61,949	63,437	65,554	72,227	75,434	88,433	882,280
General and Administrative (G&A)	64,416	64,416	64,416	64,417	64,417	64,417	64,417	64,417	64,417	64,416	64,416	64,416	772,998
Replacement and Maintenance (R&M)	10,192	10,192	10,192	10,192	10,192	10,192	10,192	10,192	10,191	10,191	10,191	10,191	122,300
Depreciation	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	480,000
Total Other Costs	114,608	114,608	114,608	114,609	114,609	114,609	114,609	114,609	114,608	114,607	114,607	114,607	1,375,298
REVENUES LESS COSTS	48,427	46,647	48,855	27,737	23,013	18,773	2,746	(1,093)	21,657	21,520	15,141	54,605	328,027

CASH FLOW

Cash Flow		Cash Uses		Capital Projects	
Net Gain	328,027	Reserves	17,000	Fire Protection	10,000
Depreciation	480,000	Bond Debt	414,340	System Automation & Tech.	4,000
Equipment Loss W/O	12,000	WIFA Payment	244,764	System Improvements	98,423
		UCFD Rent	31,500	Capital Equipment	-
		Total Operating Uses	707,604	Water Rights	-
Total Available	820,027			Total Capital Uses	112,423
		Cash Available	112,423	Cash Utilized	112,423

Cost of Water Summary Carefree Water Company – FY 17-18

- Water use is based on a 5-year average
 - FY 16-17 first year using 5-year average
 - Previously used a 3-year average
 - Attempting to “smooth out” monthly projections
- The cost of water is the Water Company’s single largest expense at \$882,000
- Water costs are increasing \$160,000 this FY due to the following:
 - Increase in CAP and Scottsdale water costs and APS power rates
 - Operational changes that:
 - Increase CAP water use by 17% (increases our CAP water usage to 67% of our total water deliveries)
 - Increase Scottsdale water deliveries to 75% of our CAP order (25% from Cave Creek)
 - Reasons for changes:
 - Increase the use of our renewable CAP water allocation
 - Conserve our groundwater resources
 - Produce a more consistent blend of CAP water and groundwater throughout our delivery system

**Carefree Water Company
Estimated Water Costs
Fiscal Year 2017-18**

April 2017

	325.851	Acre-Feet												Total	
		July	Aug.	Sept.	Oct.	Nov	Dec.	Jan.	Feb.	March	April	May	June		
Water Sold FY16-17 (16 Only)		97.5	93.0	85.8	78.7	80.1	58.5								493.6
Water Sold FY15-16		83.9	81.0	93.9	74.4	67.2	54.4	48.4	52.4	71.7	69.0	66.9	96.7	859.9	
Water Sold FY14-15		82.2	80.7	69.9	71.8	62.1	61.2	52.9	49.0	62.5	65.7	57.0	82.1	797.1	
Water Sold FY13-14		91.3	83.7	74.8	82.7	64.0	57.8	60.5	59.3	60.8	76.0	75.4	93.6	880.9	
Water Sold FY12-13		94.4	83.1	73.7	79.6	68.7	53.3	59.5	52.2	56.2	70.8	75.2	77.4	844.1	
Water Sold FY11-12 (12 Only)							56.7	56.9	57.2	63.1	86.5	82.7	403.1		
5-yr Average Water Sold (Use for 17-18)	A.F.	89.9	84.3	79.6	77.4	68.4	57.0	55.6	54.0	61.7	68.9	72.4	86.5	855.7	
5-yr Average Water Sold (Use for 17-18)	'000 Gal.	29,281	27,469	25,944	25,234	22,295	18,587	18,117	17,583	20,098	22,458	23,592	28,186	278,844	
Percent of Annual Usage (Use for 17-18)		10.5%	9.9%	9.3%	9.0%	8.0%	6.7%	6.5%	6.3%	7.2%	8.1%	8.5%	10.1%	100.0%	
Water Supplied (Sold/0.9) (Use for 17-18)		99.8	93.7	88.5	86.0	76.0	63.4	61.8	60.0	68.5	76.6	80.4	96.1	950.8	
Ground Water A.F. (33%)		32.9	30.9	29.2	28.4	25.1	20.9	20.4	19.8	22.6	25.3	26.5	31.7	313.8	
CAP Water A.F. (67%)		66.9	62.8	59.3	57.6	50.9	42.5	41.4	40.2	45.9	51.3	53.9	64.4	637.1	
CAP Water A.F. +5%		70.2	65.9	62.2	60.5	53.5	44.6	43.5	42.2	48.2	53.9	56.6	67.6	668.9	
CAVE CREEK WATER	25% of CAP Water														
Acre-Feet		17.6	16.5	15.6	15.1	13.4	11.1	10.9	10.5	12.1	13.5	14.1	16.9	167.2	
1,000's Gallons		5,722	5,368	5,070	4,931	4,357	3,632	3,540	3,436	3,928	4,389	4,610	5,508	54,491	
Cost @\$2.43/1,000 Gal.	Total Cost	\$2.43	\$13,904	\$13,044	\$12,320	\$11,983	\$10,587	\$8,826	\$8,603	\$9,349	\$9,544	\$10,664	\$11,203	\$13,385	\$132,412
SCOTTSDALE WATER	75% of CAP Water														
Acre-Feet		52.7	49.4	46.7	45.4	40.1	33.4	32.6	31.6	36.2	40.4	42.4	50.7	501.7	
1,000's Gallons		17,166	16,104	15,210	14,793	13,070	10,896	10,621	10,308	11,783	13,166	13,831	16,524	163,472	
Cost @\$2.94/1,000 Gal.*	\$2.85	\$2.94	\$48,923	\$45,896	\$43,348	\$42,161	\$38,427	\$32,035	\$31,227	\$30,305	\$34,641	\$38,707	\$40,662	\$48,581	\$474,914
Meter Fee		\$207.35	\$207.35	\$207.35	\$207.35	\$207.35	\$207.35	\$207.35	\$207.35	\$207.35	\$207.35	\$207.35	\$207.35	\$2,488	
* \$2.85/1,000 Gal. Until Nov. 2017	Total Cost		\$49,130	\$46,103	\$43,555	\$42,368	\$38,634	\$32,243	\$31,434	\$30,513	\$34,849	\$38,915	\$40,869	\$48,788	\$477,402
POTABLE GROUNDWATER															
Pumped Groundwater (A.F. - From Above)		32.9	30.9	29.2	28.4	25.1	20.9	20.4	19.8	22.6	25.3	26.5	31.7	313.8	
Pumped Groundwater ('000 gallons)		10,736	10,072	9,513	9,252	8,175	6,815	6,643	6,447	7,369	8,234	8,650	10,335	102,243	
Cost @\$0.60/1,000 Gal. (2% Increase)	\$0.60	\$6,442	\$6,043	\$5,708	\$5,551	\$4,905	\$4,089	\$3,986	\$3,868	\$4,422	\$4,941	\$5,190	\$6,201	\$61,346	
Groundwater Withdrawal Fee (ADWR)								\$2,000						\$2,000	
Chemicals and Testing		\$3,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$17,600	
Total Cost		\$9,742	\$7,343	\$7,008	\$6,851	\$6,205	\$5,389	\$7,286	\$5,168	\$5,722	\$6,241	\$6,490	\$7,501	\$80,946	
GOLF COURSE GROUNDWATER															
A.F. Pumped (2016)														A.F.	219.4
(2015)															250.0
(2014)															258.7
(2013)															210.0
(2012)															230.2
(5-yr Ave.)															233.7
Electrical Cost	kWh/AF \$/kWh (From Desert Forest Agreement)	745.22	0.13	\$1,886.39	\$1,886.39	\$1,886.39	\$1,886.39	\$1,886.39	\$1,886.39	\$1,886.39	\$1,886.39	\$1,886.39	\$1,886.39	\$1,886.39	\$22,637
CAP COSTS															
Capital Cost	2017 2018	\$31 \$49	\$3,358	\$3,358	\$3,358	\$3,358	\$3,358	\$3,358	\$5,308	\$5,308	\$5,308	\$5,308	\$5,308	\$5,308	\$52,000
M&I Cost		\$164 \$171	\$11,519	\$10,807	\$10,207	\$9,927	\$8,771	\$7,312	\$7,432	\$7,213	\$8,244	\$9,212	\$9,677	\$11,562	\$111,884
CAP Contingency									\$5,000						\$5,000
Total Cost			\$14,878	\$14,165	\$13,565	\$13,286	\$12,129	\$10,670	\$12,740	\$17,521	\$13,553	\$14,521	\$14,986	\$16,870	\$168,884
ALL WATER COSTS			\$89,541	\$82,542	\$78,335	\$76,375	\$69,441	\$59,015	\$61,949	\$63,438	\$65,553	\$72,227	\$75,434	\$88,430	\$882,280

General and Administrative (G&A) Summary Carefree Water Company – FY 17-18

- Overall G&A expenses down \$14,000 compared to FY 16-17
 - Payroll expenses down \$10,500 compared to FY 16-17 – Reflects:
 - 2.5% Cost-of-Living Adjustment – All employees
 - Selective merit increases based on operator certification upgrades* and market analysis
 - 15% Increase in Health Insurance Costs
 - 100% employee participation in retirement program
 - Front office base salaries down due to turnover
 - Outsourced Payroll in FY16-17 - \$2,000 Budget in FY17-18
 - Insurance decrease of \$7,200

* Current Operator Certifications:

Two Grade 4 Operators (Highest Certification Possible – Not Eligible for Certification Upgrades)

One Grade 2 Operator (Eligible for Grade 3 Testing)

One Non-Certified Maintenance Worker (Eligible for Grade 1 Testing)

**General and Administrative Budget by Category
for 2017-18**

	2016-2017 Budget	2017-2018 Budget	Difference	
<u>Payroll, Payroll Taxes, Group Insurance & Benefits</u>				
Base Salaries	386,701	385,724		
Overtime	3,000	3,000		
Compensation Time	2,000	2,000		
Bonus	4,000	6,000		
Emgr. Radio	9,460	12,460		
All Health Insurance Combined	88,051	90,529		
IRA and Retirement	51,585	39,568		
All Payroll taxes	31,852	26,752		
Medicare	6,190	6,257		
Unemployment	-	-		
Equalization Taxes	-	-		
	<u>582,839</u>	<u>572,289</u>	<u>(10,550)</u>	-2%
<u>Training Expense A/C 60154</u>				
	<u>4,000</u>	<u>4,000</u>	<u>0</u>	0%
<u>Employee Expenses A/C 60152</u>				
Uniforms	1,700	1,700		
Safety Equipment	750	750		
	<u>2,450</u>	<u>2,450</u>	<u>0</u>	0%
<u>Accounting and Professional Services A/C 60201</u>				
Auditors	8,211	8,722		
Dasco	1,500	2,000		
ER System	7,000	6,000		
Payroll Experts	-	2,000		
	<u>16,711</u>	<u>18,722</u>	<u>2,011</u>	11%
<u>Legal A/C 60202</u>				
	<u>2,000</u>	<u>2,000</u>	<u>0</u>	0%
<u>Cleaning Service A/C 60204</u>				
Regular	3,900	3,900		
Extra Floor Work	-	-		
	<u>3,900</u>	<u>3,900</u>	<u>0</u>	0%

<u>Computer and SCAD/ A/C 60205</u>			
SCADA	3,200	3,200	
Wonderware	-	1,000	
Continental	1,800	2,900	
Sage	2,250	2,000	
Read Center	840	840	
Computer Repair	4,560	4,560	
Backup Software	50	50	
Printer	500	500	
My PC	204	204	
AVG Anti-virus	-	-	
Fixed Asset Software	300	300	
Specter - WIN 911	395	500	
Offsite Backup	2,040	2,040	
Firewall	110	110	
	<u>16,249</u>	<u>18,204</u>	<u>1,955</u> 11%
<u>Insurance A/C 60250</u>			
Cincinnati Insurance	43,400	36,202	
Claims (Insurance Deductible- Contingency)	5,000	5,000	
	<u>48,400</u>	<u>41,202</u>	<u>(7,198)</u> -17%
<u>Postage A/C 60300</u>			
Billings	8,633	7,270	
Mail Pickup	330	60	
	-	-	
	<u>8,963</u>	<u>7,330</u>	<u>(1,633)</u> -22%
<u>Telephone A/C 60351</u>			
Cox	3,200	3,200	
Verizon	4,300	3,300	
Replacement Cell Phones	300	300	
	<u>7,800</u>	<u>6,800</u>	<u>(1,000)</u> -15%
<u>Promotional A/C 60355</u>			
Truck Magnets	117	120	
Advertisement	500	500	
	<u>617</u>	<u>620</u>	<u>3</u> 0%
<u>Auto Expense A/C 60400</u>			
Repairs, batteries, tires	2,000	2,000	
Fuel *	15,500	15,500	
Fuel Adj.(Potential Increase)	1,500	1,500	
	<u>19,000</u>	<u>19,000</u>	<u>0</u> 0%
<u>Office Rent A/C 60451</u>			
	-	-	<u>0</u>

<u>Office Supplies A/C 60452</u>				
Printing	2,500	3,000		
All Other	3,500	3,500		
	<u>6,000</u>	<u>6,500</u>	<u>500</u>	8%
<u>Security and Emergency A/C 60453</u>				
Safeguard - Office	255	260		
	<u>255</u>	<u>260</u>	<u>5</u>	2%
<u>Office Utilities A/C 60454</u>				
	<u>4,000</u>	<u>5,100</u>	<u>1,100</u>	22%
<u>Fees and Permits A/C 60501</u>				
Maricopa County	4,225	4,900		
ACC	46	46		
Carefree Shadows HOA	124	124		
PO Boxes	80	90		
TPT License	24	24		
Town License	40	40		
	<u>4,539</u>	<u>5,224</u>	<u>685</u>	13%
<u>Dues and Subscriptions A/C 60456</u>				
Blue Stake	1,050	1,000		
AWWA Membership	335	335		
Rural Water Association	750	750		
WEF	170	170		
American Society of Civil Engineers	262	270		
Costco	245	300		
	<u>2,812</u>	<u>2,825</u>	<u>13</u>	0%
<u>Office Equipment Rental A/C 60457</u>				
Postage Machine	1,936	1,900		Lease expii
Folding and Stuffing Machine	5,316	5,316		Lease expii
	<u>7,252</u>	<u>7,216</u>	<u>(36)</u>	0%
<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	52	52		
	<u>52</u>	<u>52</u>	<u>0</u>	0%
<u>Credit Card Charges A/C 60652</u>				
	<u>5,000</u>	<u>5,500</u>	<u>500</u>	9%
<u>Bank Charges A/C 60653</u>				
U. S. Bank	2,559	2,500		
All Other Banks	500	500		
Chase (Electronic Banking)	6,806	8,200		
	<u>9,865</u>	<u>11,200</u>	<u>1,335</u>	12%

<u>GIS Mapping A/C 60206</u>			
GPS Annual Fee	2,400	2,400	
Monthly MIFI Fee	688	688	
ARC Service Agreement	1,475	1,475	
Support	12,000	10,000	
Elements Annual Maintenance	1,500	1,500	
True Image Backup	40	40	
	<u>18,103</u>	<u>16,103</u>	<u>(2,000)</u> -12%
 <u>Water Conservation Costs A/C 6100</u>			
Literature	1,500	1,500	
	<u>1,500</u>	<u>1,500</u>	<u>0</u> 0%
 Total Costs	 <u>787,307</u>	 <u>772,998</u>	 <u>(14,309)</u> -2%

Replacement and Maintenance (R&M) Summary Carefree Water Company – FY 17-18

- 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
- Minor overall 2% increase in this budget item of \$2,000 compared to FY 16-17
 - Primarily related to water tank maintenance – for outsourced Contractor

**Replacement and Maintenance Budget
2017-2018**

	2016-2017 Budget	2017-2018 Budget	Variance	Percentage
<u>R & M Tanks</u>				
150,000	7,171	7,200		
50,000	3,819	4,250		
500,000	12,488	13,900		
10,000	2,310	2,600		
1,000,000	0	0		
Misc.	2,000	2,000		
	<u>27,788</u>	<u>29,950</u>	<u>2,162</u>	<u>8%</u>
<u>R & M Pumps and Wells</u>				
Pumps Stations	10,000	10,000		
Wells	5,000	5,000		
	<u>15,000</u>	<u>15,000</u>	<u>0</u>	<u>0%</u>
<u>R & M Mains and Valves</u>				
Valves	10,000	10,000		
Mains Repairs	15,000	15,000		
Other Distribution Repairs	0	0		
	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>0%</u>
<u>R & M Services/Meters</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>	<u>0%</u>
<u>R & M Easements & Right of Way Landscape</u>	<u>3,000</u>	<u>2,000</u>	<u>(1,000)</u>	<u>-33%</u>
<u>R & M Equipment</u>				
Backhoe	3,500	3,500		
Trucks	1,500	1,500		
Chlorination	250	250		
	<u>5,250</u>	<u>5,250</u>	<u>0</u>	<u>0%</u>
<u>Fire Hydrant Maintenance</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>0%</u>
<u>R & M Generator</u>				
Labor	3,500	3,500		
Replacement Parts	4,000	4,000		
Testing	5,000	5,000		
	<u>12,500</u>	<u>12,500</u>	<u>0</u>	<u>0%</u>
<u>R & M Interconnect</u>	<u>3,500</u>	<u>3,500</u>	<u>0</u>	<u>0%</u>
<u>R & M Supplies</u>	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>0%</u>

<u>R & M General</u>				
AC Units	1,000	1,700		
Fire Protection	400	400		
Water Company Office	0	0		
	<u>1,400</u>	<u>2,100</u>	<u>700</u>	<u>50%</u>
<u>Equipment Rental</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>0%</u>
<u>Meter Replacement Program</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
<u>Leak Detection Services</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0%</u>
Total Maint. and Replacement	<u>120,438</u>	<u>122,300</u>	<u>1,862</u>	<u>2%</u>

Reserve Recommendations Carefree Water Company – FY 17-18

- Target Reserve Balance: \$950,000 in 5 years
- Current Reserve Balance (end of FY 16-17): \$867,000
- FY 16-17 Budgeted Deposits to Reserves (already deposited): \$17,000
- FY 17-18 Recommended Deposits to Reserves: \$17,000
- Subsequent Year's Deposit Recommendation: \$17,000

Current Reserve Balance = \$867,000
FY 17-18 Recommended Deposits = \$ 17,000
\$884,000

$\$950,000 - \$884,000 = \$66,000/4 =$
\$17,000/yr. for 4 yrs. to build to \$950,000

RESERVE BALANCE RECOMMENDATIONS/CALCULATION

Operating Reserve

AWWA Recommendation¹: 45-90 days

Use a 60 day (2 month) Operating Reserve

FY 13-14 Operating Budget: \$2.365 M

$(\$2.4 \text{ M}/12 \text{ months}) \times 2 \text{ months} = \$400,000$

Repair and Replacement Reserves

AWWA Recommendation¹: 1 – 2% of Original Asset Value

Use 2% of Original Asset Value

Original Asset Value = \$10.8 M (Purchase Price + WIFA Loan + Town Capital)

$\$10.8 \text{ M} \times 2\% = \$220,000$

Contingency

AWWA Recommendation¹: Open

Use a Conservative Approach in Other Categories and Defer Additional Contingency

Debt Reserves

AWWA Recommendation¹: 120% of Annual Debt Service

Base Fee in Rates Essentially Pays Annual Debt Service

Use 50% of Annual Debt Service for Reserves

Annual Debt Service = \$660K (Purchase Bond + WIFA)

$\$660\text{K} \times 50\% = \$330,000$

Total Target Reserves: \$400,000 + \$220,000 + \$0 + \$330,000 = \$950,000

¹AWWA: American Water Works Association

**Capital Improvement Program
Carefree Water Company – FY 17-18
FY 16-17 Funds Offset Recommendation**

FY16-17 Funds Available (\$120,000) Due To:

- Revenues 12% Over Projections
 - Water Sales 3.4% Over Projections
 - Meter Sales 103% Over Projections
- Overall Expenses About 5.5% Under Projections

Recommendation to Utilize These Funds in the Following Areas to Offset FY17-18 Costs:

CIP Component	FY17-18 Offset (using FY16-17 funds)	Purpose
Fire Protection	\$10,000	Purchase of 5 Replacement Fire Hydrants to be Installed in FY17-18
System Improvements	\$11,500	Purchase of 40 Replacement Water Meters (High Volume Change-Outs) to be installed in FY 17-18
Capital Equipment Fund	\$28,000	Annual Fund Deposit (for FY17-18)
NIA Water Rights Fund	\$20,500	Annual Fund Deposit (for FY17-18)
Capital Reserves Fund	\$50,000	Annual Fund Deposit (for FY17-18)
Total	\$120,000	

Capital Improvement Program Recommendations Carefree Water Company – FY 17-18

- **Total FY 17-18 Capital Budget - \$112,423**
 - **Fire Protection - \$10,000 (Installation Only) (\$10,000 in Equipment (5 Hydrants) Pre-Purchased in FY16-17)**
 - **System Automation and Technology - \$4,000**
 - **System Improvements - \$98,423 (Includes Installation Cost of \$3,000 for New Metering Equipment) (\$11,500 in Equipment (40 Replacement Meters) Pre-Purchased in FY16-17)**
 - **Capital Equipment - \$0 (Annual \$28,000 Deposit Pre-Paid in FY16-17)**
 - **Water Rights - \$0 (Annual \$20,500 Deposit Pre-Paid in FY16-17)**
 - **Capital Reserves (Large Project Improvement Fund) - \$0 (Annual \$50,000 Dep. Pre-Paid in FY16-17)**

CAPITAL IMPROVEMENT PROGRAM DETAILS

Fire Protection - \$10,000

- 5 Replacement Fire Hydrants – Cost: \$10,000 (Installation Only) (\$10,000 in Equipment Pre-Purchased in FY16-17)
- 1969-1987 Hydrants, non-standard, hard to operate

System Automation and Technology - \$4,000

- Beacon Technology – Cost: \$4,000

System Improvements - \$98,423

- Annual Meter Replacement Program – Cost \$3,000 (Installation Only) (\$11,500 in Equipment Pre-Paid in FY16-17)
- Nonchalant Galvanized Line Replacement - \$16,000 (Plus \$64,211 Carry-Over From FY16-17)
- Pressure Tank Replacements – PS's 2 and 6 - \$30,000
- Deficient Pipeline Projects – Upper Spanish Boot 2" Line Replacement - \$49,423

Annual Capital Equipment Account – FY 17-18 Deposit - \$0

Capital Equipment Account Balance – 05-2017	\$ 67,000
FY 16-17 Planned Deposit	\$0
FY 16-17 Misc. Sales	\$ 12,000
<u>FY 16-17 Pre-Payment of FY17-18 Deposit</u>	<u>\$ 28,000</u>
Account Balance for Beginning FY 17-18	\$107,000

- FY17-18 Planned Expenditures:
 - 1 New Mini-Excavator & Trailer – Cost : \$65,000

Water Rights – FY 17-18 Deposit - \$0

Non-Indian Agricultural Water – Proposed Allocation: 112 AF

- Cost: \$1,288/AF x 112 AF = \$144,256
- Funds already deposited: \$ 62,256 (3 prior FY's)
- Funds proposed to be deposited: **\$ 20,500 (Prepayment in FY16-17 for FY17-18)**
- Remaining: \$ 61,500 (3 additional years @ \$20,500/per yr)

NOTE: Areas shown in RED indicate FY16-17 funds used to offset FY17-18 costs (see Page 19 for details).

**CAREFREE WATER COMPANY
10-YEAR CAPITAL IMPROVEMENT PLAN
FY 17-18 THRU FY 26-27**

Capital Improvement Description	Fiscal Year (FY)										Line Item Total	Category Total	
	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27			
Fire Protection													
Number of Fire Hydrants (* = Replacements)	5	4	3	3	3	3	3	3	3	3	3	28	
Fire Hydrants (\$10,000 in Hydrants (5) Pre-Purchase - FY16-17)	\$ 10,000	\$ 20,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 150,000	\$ 150,000
System Automation and Technology													
GIS Field Pads												\$ -	
SCADA System Improvements								\$ 50,000				\$ 50,000	
Beacon Meter Technology	\$ 4,000											\$ 4,000	\$ 64,000
System Improvements													
Annual Meter Replacement (\$11,500 in Meters (40) Pre-Purchase - FY16-17)	\$ 3,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 57,000	
Nonchalant Galv. Line Replacement	\$ 16,000	\$ 18,300										\$ 34,300	
Sand Filter at 1 MG Tank		\$ 13,000	\$ 13,000									\$ 26,000	
Pressure Tank Replacements (PS 2 and 6)	\$ 30,000	\$ 25,000										\$ 55,000	
Mule Train BPS Assess & Design Concept			\$ 20,200									\$ 20,200	
Mule Train BPS Improvements				\$ 46,500	\$ 46,000							\$ 92,500	
Dream St. & Rocking Chair Connection			\$ 20,000	\$ 10,000								\$ 30,000	
Rambling Road/Mule Train Reconfiguration				\$ 9,500	\$ 15,500							\$ 25,000	
Lazy Burro Loop Completion					\$ 15,000	\$ 15,000						\$ 30,000	
Deficient Pipeline Projects - General					\$ 30,500	\$ 76,000	\$ 76,000	\$ 26,000	\$ 76,000	\$ 76,000	\$ 76,000	\$ 360,500	
Upper Spanish Boot 2" Line Replacement	\$ 49,423											\$ 49,423	\$ 779,923
Capital Equipment													
Annual Contribution (\$28,000 Deposit Made in FY16-17)	\$ -	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 28,000	\$ 252,000	\$ 252,000
Water Rights													
Non-Indian Ag CAP (\$20,500 Deposit Made in FY16-17)	\$ -	\$ 20,500	\$ 20,500	\$ 20,500								\$ 61,500	\$ 61,500
Capital Reserve (\$50,000 Deposit Made in FY16-17)	\$ -	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 450,000	\$ 450,000
Total FY Expenditure	\$ 112,423	\$ 180,800	\$ 172,700	\$ 185,500	\$ 206,000	\$ 190,000	\$ 175,000	\$ 1,747,423	\$ 1,747,423				

**CAREFREE WATER COMPANY
10-YEAR CAPITAL EQUIPMENT PROGRAM
FY 17-18 THRU FY 26-27**

Capital Equipment Description	Fiscal Year (FY)									
	17-18	18-19	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27
Vehicles and Heavy Equip.										
Work Truck #1			\$ 34,000					\$ 34,000		
Work Truck #2				\$ 34,000					\$ 34,000	
Work Vehicle - GM		\$ 30,000					\$ 30,000			
Mini-Excavator	\$ 65,000									
Backhoe (75/25 Cost Split w/Town)							\$ 53,000			
Technology & Misc. (Computers, Printers, Work Stations, etc.)										
Computer Replacements (\$1500/computer)		\$ 6,000			\$ 6,000			\$ 6,000		
Server		\$ 8,500				\$ 8,500				\$ 8,500
Read Center Tough Book (Meter Reading)				\$ 7,000					\$ 7,000	
Total FY Expenditure	\$ 65,000	\$ 44,500	\$ 34,000	\$ 41,000	\$ 6,000	\$ 8,500	\$ 83,000	\$ 40,000	\$ 41,000	\$ 8,500
Prior FY Balance	\$ 67,000	\$ 35,000	\$ 23,500	\$ 22,500	\$ 14,500	\$ 41,500	\$ 66,000	\$ 16,000	\$ 9,000	\$ 1,000
Annual FY Contribution	\$ 28,000									
Misc. Sales	\$ 5,000									
End of FY Balance	\$ 35,000	\$ 23,500	\$ 22,500	\$ 14,500	\$ 41,500	\$ 66,000	\$ 16,000	\$ 9,000	\$ 1,000	\$ 25,500

UCFD/CWC
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**CAREFREE WATER COMPANY BOARD MEETING
JUNE 6, 2017**

**AGENDA ITEM #3
WATER METERING/WATER CONSERVATION
(INFORMATIONAL ONLY)**

Keeping an **EyeOnWater**

Carefree Water Company is pleased to announce a new, optional service available to our customers. This new service gives you direct and secure access to your water usage data through an easy-to-use website or smartphone/tablet app. Use our new EyeOnWater service to:

- View easy to understand graphs of your hourly, daily, and monthly water usage.
- Access your water usage data 24/7 anywhere you have internet or smartphone service; Carefree, Chicago, or even Paris!
- Gain a greater understanding of your water usage patterns.
- Control the amount of water you use.
- Establish text or e-mail ALERTS notifying you of potential water leaks.



The EyeOnWater service includes the installation of the monitoring and transmission hardware, plus 10-years of data transmission and website access. The cost of this new optional service for our residential customers is either a one-time payment of \$240.00 or 12 monthly payments of \$21.00. Please contact our office if you have any questions.

feedback from current Carefree customers:

"Excellent program and service. It will pay for itself if one leak is detected."

"I was able to cut my water usage considerably. (We) worked with our landscaper to show him our usage... Our irrigation system had to be reset which lowered our consumption of water to be more efficient."

Caught several leaks saving me a lot of money.

"It gives a much better understanding of usage."

"Easy and convenient to use..."

Definitely helpful for tracking our water usage.



P.O. Box 702, Carefree Arizona 85377
(480) 488-9100 • Fax (480) 575-9802 • www.carefreewaterco.com

Please return this completed form by mail/drop box or email the information to Noel@carefreewaterco.com to be put in the queue for installation of your new EyeOnWater monitoring device. Note: ordering and installation may take up to 6 weeks depending upon customer response. You will not be charged until your EyeOnWater hardware has been installed.

Name: _____ Account #: _____ Payment: \$240 one time payment*
OR 12 payments of \$21*

Service Address: _____ Contact Number: _____

Email to be used for EyeOnWater Account: _____

(Providing your email address does not change how you receive your monthly billing from Carefree Water Company. This is only for your EyeOnWater account.)

*Cost valid on orders received through 6/30/2017.



P.O. Box 702, Carefree Arizona 85377
(480) 488-9100 • Fax (480) 575-9802 • www.carefreewaterco.com

Welcome to EyeOnWater

We're excited about this new service and we think you will be too! "EyeOnWater" will give you easy and up-to-date access to your water usage information whether you're at home or traveling.

The following are some frequently asked questions (FAQs) that we hope will help you understand your new "EyeOnWater" service. As with anything else, if you have questions for us, please don't hesitate to call at 480-488-9100, or e-mail us at noel@carefreewaterco.com.



How long will it take to get my "EyeOnWater" service?

We've already started the first round of hardware installations which should be completed in the next 2 weeks. Once your hardware is installed, we will verify that it is communicating with the website correctly. When everything is working properly, you will receive an e-mail from us with instructions on how to set-up your "EyeOnWater" account.

What will I need to set-up my "EyeOnWater" account?

You must have a personal computer and a valid e-mail address to set-up your EyeOnWater account. As a step in the account set-up process (which will be e-mailed to you separately), you will receive a confirmation e-mail from "Beacon" that requires you to click on a link. This is a necessary security measure.

What is "Beacon"? I thought I was signing up for "EyeOnWater".

"Beacon" is the hardware that uses cell phone technology to communicate between your water meter and the internet. The website or smartphone app (by Badger Meter, Inc.) that you will use to access your data is called EyeOnWater. When you talk to us at the Water Company, we will probably use Beacon and EyeOnWater interchangeably. Just know that we are talking about the same thing.

Do I need a computer or smartphone access to use this service?

Yes, to use this service you must be able to access the internet via a personal computer/ laptop or have smartphone/tablet internet access.

How can I see my water usage data on my smartphone?

We recommend that you perform your account set-up on your personal computer via the website. Once that is done, you can download the free "EyeOnWater" app onto your smartphone, sign-in with your **Username** and **Password**, and you're on your way!

What if I don't like the service?

We think you will, but we also want you to be happy with this service. At any time before the installation of your water meter hardware, you can cancel your order without cost. Once hardware installation has occurred, the Water Company has made a significant financial investment on your meter. The \$240 that you pay (or 12 payments of \$21) covers a portion but not all of the cost which includes hardware, hardware

installation, and staff time to link your meter to the website. Even so, you can cancel your EyeOnWater service within the first 90 days of installation, but you will incur a \$120 charge to cover our labor costs and restocking the equipment. After 90 days, the service can be cancelled; however, no refund is available.

Does the \$240 really pay for 10-years of service?

Yes! Our meter supplier guarantees you will have access to your water use data for 10-years.

What happens after 10-years?

10-years is a long time and unfortunately, we don't have a crystal ball. What we expect is that technology will improve and costs will decrease. Our best guess is that your 2027 renewal will offer better data access and may even be cheaper!

Do I own the hardware? Will I have to maintain it for 10-years?

No, just like your water meter, the Water Company will own the hardware and we will maintain it for you over the 10-year period.

What if I move?

Your EyeOnWater service is tied to your property/water meter and must stay in place. The service can and will be transferred to the new property owner. If you decide to sell your property, we would encourage you to point out your EyeOnWater service. We feel it's an amenity that it makes your property more desirable.



Will I be able to see my water usage in “real-time”?

No, there is a slight delay in seeing your water usage data. The new hardware uses cell phone technology to upload your data once per day for the prior 24-hrs. The upload will typically occur at the same time every day, but we cannot control when that occurs.

Will I need to be taught how to use my EyeOnWater account?

We feel that the EyeOnWater website is user-friendly and easy to use. We suggest that you get your account set-up and “test drive” the website for a few days. At that point, if you have questions, please call us or e-mail us and we'll be happy to assist.

Is there any part of EyeOnWater that I will need help with?

We feel that the “Leak Alert” function of EyeOnWater is a very important feature. It is one feature that is also more difficult to understand. Once you get your account set-up, we will be contacting you to help get your “Leak Alert” up and running.

Can I see my account balance and pay my water bill on EyeOnWater?

No, your account balance cannot be accessed on EyeOnWater nor can water bills be paid through it.

Again, welcome to “EyeOnWater”. We look forward to helping you keep an EyeOnWater for many years to come!



New Account Set-Up

Welcome to Carefree Water Company's EyeOnWater!

The EyeOnWater hardware has been installed on your water meter and you're ready to setup an account. By following these few easy steps, you will be able to access EyeOnWater and view your water usage information:

1. Enter <https://eyeonwater.com> on your computer's web browser.
2. Click on the [Create Account](#) link.

The screenshot shows a web browser window with the URL <https://eyeonwater.com/> in the address bar. The page content includes the EyeOnWater logo, a "Did you know?" section with a water drop icon, and a "My EyeOnWater Account" section with input fields for "Email Address" and "Password". A "Sign In" button is also present, and the "Create Account" link is circled in red.

Did you know?
Average family of 4 in US does 540 loads of laundry per year? Over 10 loads per week! Consumes 21K gallons of water.

My EyeOnWater Account
Email Address:
Password:

[Sign In](#) [Forgot Password?](#) [Create Account](#)

Powered by Badger Meter, Inc. [Legal](#)

3. Enter Carefree's zip code: **85377**. "Carefree Water Co Inc" will automatically pop into this field after entering the zip code.
4. Enter your **Account Number** that's shown on your water bill (we've included your account number in the e-mail that sent you these instructions).
5. Click on **"Next"**.

EyeOnWater

Help

Steps to Create an EyeOnWater Account

1. Select your utility by entering your service address ZIP Code.
2. Enter your account number as it appears on your water bill. (Don't have a copy of your water bill? Contact your utility.)
3. Enter and confirm your email address.
4. Create and confirm your password.
5. Read and accept the Terms of Use.
6. Verify your email address in the confirmation email.
7. Enjoy using EyeOnWater!

CUSTOMER NAME	SERVICE LOCATION	ACCOUNT NUMBER
JOHN SMITH	123 MAIN STREET	88888888

DUE DATE	CURRENT CHARGES
01/15/2017	545.50

My EyeOnWater Account

Country: United States

Service Address ZIP Code: Enter Your Service Address ZIP Code

Account Number: Enter your Account Number

Next

Already have an account? Sign in here.

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6. Enter your **Full Name** and **email address** (your email address will become your **Username** to be used each time you sign-in) and confirm your e-mail address.
7. Create and confirm a **Password**. Password should be at least 8 characters and no longer than 16 characters.
8. Read and confirm the **"Terms of Use."**
9. Click **"Next."**

Steps to Create an EyeOnWater Account

1. Select your utility by entering your service address ZIP Code.
2. Enter your account number as it appears on your water bill. (Don't have a copy of your water bill? Contact your utility.)

SAMPLE WATER BILL		
CUSTOMER NAME	SERVICE LOCATION	ACCOUNT NUMBER
JOHN SMITH	123 MAIN STREET	88888888
DUPLICATE DATE	CURRENT CHARGES	
01/15/2017	545.50	

3. Enter and confirm your email address.
4. Create and confirm your password.
5. Read and accept the Terms of Use.
6. Verify your email address in the confirmation email.
7. Enjoy using EyeOnWater!

My EyeOnWater Account

6a Full Name:

6b Email Address:

Confirm Email Address:

7 Password:

Confirm Password:

8 I have read the Terms of Use for this application and agree to the provisions.

9

Already have an account? [Sign in here.](#)

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10. You will receive a confirmation email from BEACON. You must verify your email address by clicking on the link in this email. Once you do, you can sign into EyeOnWater using your email (**Username**) and **Password**. Please write down these 2 pieces of information.
11. You're done! You can now log into EyeOnWater anywhere you have internet or smartphone access, anytime of day. We hope you enjoy using your new EyeOnWater account. Please let us know if you have any questions. We'll be contacting you in the near future to assist you in setting up your "Leak Alert" notifications.