

**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, JUNE 6, 2023

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

**LIVESTREAM:** CAREFREE YOUTUBE CHANNEL  
<https://www.youtube.com/@CarefreeAZgov>

**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 21, 2023 UCFD/CWC meeting minutes.
- ITEM #2** Presentation on the proposed FY 23-24 Town of Carefree, Arizona Utilities Community Facilities District (Carefree UCFD) budget (informational only).
- ITEM #3** Presentation on the proposed FY 23-24 Carefree Water Company budget, rates, fees, and charges (informational only).
- ITEM #4** Review, discussion, and possible action to approve Resolution 2023-03 adopting the proposed FY 23-24 Carefree UCFD budget and the proposed FY 23-24 Carefree Water Company budget, rates, fees, and charges and calling for a Public Hearing.
- ITEM #5** Public Hearing on the proposed FY 23-24 Carefree UCFD budget and the proposed FY 23-24 Carefree Water Company budget, rates, fees, and charges.

**ITEM # 6** Review, discussion, and possible action to approve Resolution 2023-04, authorizing the General Manager of the Carefree Water Company to enter an “Agreement to Share Costs for the Technical Review of the SRP-CAP Interconnection Facility.”

**ITEM # 7** Adjournment.

DATED this 31<sup>st</sup> day of May, 2023.

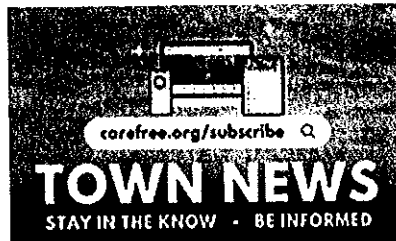
TOWN OF CAREFREE

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

Items may be taken out of sequence

**Carefree Water Company and Utilities Community Facilities District meetings are now broadcast live via, and posted on the Town of Carefree YouTube channel: [@CarefreeAZgov](https://www.youtube.com/@CarefreeAZgov)**

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**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 MEETING OF THE BOARD OF DIRECTORS OF  
THE CAREFREE WATER COMPANY, INC.

UCFD/CWC

JUN 6 2023

# 1

**WHEN:** TUESDAY, MARCH 7, 2023

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

**LIVESTREAM:** CAREFREE YOUTUBE CHANNEL  
<https://youtu.be/Afuj9zAvVDw>

**TIME:** 4:30 P.M.

**BOARD MEMBERS PRESENT:**

Chairperson John Crane  
Vice Chairperson Cheryl Kroyer  
Board Member Sheila Amoroso  
Board Member Vince D'Aliesio  
Board Member Tony Geiger  
Board Member Steve Hatcher  
Board Member Mike Johnson

**ABSENT:**

None

**Staff Present:**

Greg Crossman, Manager; Michael Wright, Attorney; Samantha Gesell, Planning and Zoning Clerk for Town of Carefree

Vice Chairman Crane called the meeting to order at 4:30 p.m.

**AGENDA**

**ITEM #1** Confirm the appointment of; 1) Board Member John Crane as President and Chairman of the Board of Directors of the Carefree Water Company, Inc., and 2) Sheila Amoroso as a new Member of the Board of Directors of the Carefree Water Company, Inc. These appointments are effective as of the Carefree Town Council meeting held on December 6, 2022.

Carefree Water Company Manager, Greg Crossman, introduced and requested the Board appoint Member John Crane as the President and Chairman of the Board of Directors of the Carefree Water Company. He introduced and asked for confirmation of Board Member Sheila Amoroso and Carefree Water Company District Manager Greg Crossman requested the appointment of Board Member Cheryl Kroyer as Vice President and Vice Chairperson of the Board of Directors of the Carefree Water Company

**MOTION:** Board Member Tony Gieger

SECOND: Board Member Vince D'Aliesio.

VOTE: Approved 7-0

Voting Member	Aye/Nay
Chairman John Crane	Aye
Vice Chairman Cheryl Kroyer	Aye
Vince D'Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye
Sheila Amoroso	Aye

**ITEM #2** Review, discussion and possible action to approve Resolution 2023-01 authorizing the President of the Carefree Water Company to execute Amendment No. 1 to Central Arizona Project Subcontract No. 07-XX-30-W0461, increasing the Water Company's CAP entitlement from 1,300 AF annually to 1,678 AF annually, reflecting the transfer of 378 AF from Cave Creek per the Settlement Agreement dated March 16, 2021.

MOTION: Board Member Tony Geiger moved to approve as presented.

SECOND: Board Member Stephen Hatcher.

VOTE: Approved 7-0

Voting Member	Aye/Nay
Chairman John Crane	Aye
Vice Chairman Cheryl Kroyer	Aye
Vince D'Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye
Sheila Amoroso	Aye

**ITEM #3** Adjournment.

MOTION: Board Member Cheryl Kroyer

SECOND: Board Member Vince D'Aliesio.

VOTE:       Approved 7-0

Voting Member	Aye/Nay
Chairman John Crane	Aye
Vice Chairman Cheryl Kroyer	Aye
Vince D'Aliesio	Aye
Tony Geiger	Aye
Stephen Hatcher	Aye
Mike Johnson	Aye
Sheila Amoroso	Aye

***ACTION:     ADJOURNED at 4:44 p.m.***

DATED this 8th day of March 2023.

CAREFREE WATER COMPANY

BY:

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

BOARD OF DIRECTORS

\_\_\_\_\_  
John Crane, Chairman

Attest:

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

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the Minutes of the Meeting of the Board of Directors of the Carefree Water Company, Inc. I further certify that the meeting was duly called and held and that a quorum was present.

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

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

**BOARD COMMUNICATION**

TO: CHAIRMAN AND BOARD MEMBERS

FROM: MEGHAN OREM, DISTRICT TREASURER *MO*

THROUGH: GREG CROSSMAN, DISTRICT MANAGER *GC*

DATE: MAY 31, 2023

SUBJECT: JUNE 6, 2023 BOARD MEETING  
AGENDA ITEM NO. 2 - FY23-24 CAREFREE UCFD BUDGET

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Attached for your review prior to the June 6, 2023, Board meeting is the proposed Carefree UCFD budget for FY 23-24.

The FY 23-24 UCFD budget primarily focuses on the finalization of the Carefree Water Consolidation Project (WCP) and completing the transition of those Carefree customers served potable water by the Town of Cave Creek over to the Carefree Water Company. In addition, the UCFD budget focuses on infrastructure improvements within the original Carefree Water Company service area via the Silver Saddle Gravity Zone Improvement Project.

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

- Public Infrastructure Construction and Administration
  - Carefree WCP
  - Silver Saddle Gravity Zone Improvement Project
    - Federally Community Grant
    - Local Match
- Repayment of Debt Service Obligations Including:
  - Water System Revenue Bonds Series 2021 Repayment
  - 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 2023/24**

<b>BEGINNING UCFD FUNDS AVAILABLE</b>		<b>\$3,323,877</b>
<b>SOURCES</b>		
<b>REVENUES (FROM CAREFREE WATER COMPANY)</b>		
Debt Service and Rent	\$1,147,764	
Capital Fund	\$1,645,963	
Contingency	\$500,000	
<b>Total CWC Revenues</b>		<b>\$3,293,727</b>
<b>OTHER REVENUE SOURCES</b>		
Federal Community Grant	\$800,000	
Town Capital Advance (Includes Fed. Local Match)	\$2,000,000	
<b>Total Other Revenue Sources</b>		<b>\$2,800,000</b>
<b>TOTAL SOURCES</b>		<b>\$9,417,604</b>
<b>EXPENDITURES</b>		
<b>ADMINISTRATION</b>		
Rent	\$33,000	
<b>Total Administration</b>		<b>\$33,000</b>
<b>CAPITAL</b>		
Public Infrastructure - Construction	\$7,600,000	
Contingency	\$500,000	
<b>Total Capital</b>		<b>\$8,100,000</b>
<b>DEBT SERVICE</b>		
Principal – Water System Revenue Bonds Series 2021	\$110,000	
Interest – Water System Revenue Bonds Series 2021	\$739,200	
Trustee Fees	\$800	
Capital Advance Payment	\$20,000	
Capital Lease Payment (WIFA)	\$244,764	
<b>Total Debt Service</b>		<b>\$1,114,764</b>
<b>TOTAL EXPENDITURES</b>		<b>\$9,247,764</b>
<b>ENDING FUNDS AVAILABLE</b>		<b>\$169,840</b>

**CAREFREE WATER COMPANY, INC.**

**BOARD COMMUNICATION**

TO: PRESIDENT AND BOARD MEMBERS  
FROM: MEGHAN OREM, CONTROLLER *MO*  
THROUGH: GREG CROSSMAN, GENERAL MANAGER *GC*  
DATE: MAY 31, 2023  
SUBJECT: AGENDA ITEM NO. 3 - FY23-24 WATER COMPANY BUDGET, RATES, FEES, DEPOSITS, AND CHARGES

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Attached for your review prior to the June 6, 2023, Board meeting are proposed Carefree Water Company budget and water rate documents for FY 23-24. The Water Company's fiscal year coincides with the Town's and runs from July 1, 2023, through June 30, 2024.

The proposed water rate increase for FY 23-24 is 4.4% which is consistent with the 5-Year Rate Plan approved in 2021. 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 \$5.29 per month. This figure is based on an average residential water use of 12,000 gallons per month.

As mentioned above, the proposed FY 23-24 water rates are consistent with the 5-year Rate Plan as recommended by Willdan Financial Consultants. The 5-year Rate Plan was approved as a roadmap to help ensure the repayment of the Series 2021 Water Revenue Bonds issued to finance the Carefree Water Consolidation Project (WCP). This project focuses the acquisition of those portions of Carefree that were or are currently served potable water by the Town of Cave Creek. Currently, 510 customers who were previously served water by the Town of Cave Creek have been transitioned over to the Carefree Water Company system, representing about 93% of the total 550 customers expected to be transitioned.

The Water Company's revenues for FY 23-24 are anticipated to be \$4.7 million, an increase from last year's budget of \$1.2 million, reflecting the transition of nearly all of the customers within Carefree previously served water by the Town of Cave Creek.

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

- APS Power – 5% increase
- CAP Water (Untreated) – 16% increase (due to Tier 2A Shortage conditions)
- Scottsdale Water (Treated) – 5% increase
- General and Administrative Costs – 2% increase
- Replacement and Maintenance Costs – 18% increase

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

The FY 23-24 proposal also includes the following fee update:

- Increasing the Service Line installation fees to reflect the increased cost to provide this service. Currently, this service has been discontinued and is not being offered because of staffing constraints. Customers requiring new service lines must hire a private contractor to perform this work. It's unknown at this time when this service will be resumed by the Water Company.



**BUDGET AND RATES DETAILS**

Included in this packet are the following FY 23-24 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 20-22)

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 23-24**

### Rates

- 4.4% Overall Water Rate Increase – Base Fee and Commodity Rates
- Consistent with the 5-Year Rate Plan approved in 2021
- Rate increase takes effect July 2023
- Average Monthly Bill Increase (Residential): \$5.29
- Current Average Monthly Residential Bill: \$119.81 – Proposed Average Monthly Residential Bill: \$125.10 (Based on an average monthly use of 12,000 gallons)
  
- Current Residential Base Fee: \$52.66 – Proposed Residential Base Fee: \$54.98 – Up \$2.32
  - \$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 all new Service Line installations have been adjusted to reflect the cost of doing business
- Fees now reflect significant increases in cost of labor/material/equipment/contracted services
- New Service Line construction by Water Company currently on hold (staffing constraints)
- New home and subdivision construction must hire a contractor

**Carefree Water Company**  
**Effective July 1, 2023**  
**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 - \$4.44</b> (Curr - \$4.25)	52.66	54.98	2.32	4.25	4.44	0.19	56.91	59.42	2.51	5.30	5.53	0.23	62.21	64.95	2.74	4.4%
1,000	52.66	54.98	2.32	8.50	8.88	0.38	61.16	63.86	2.70	5.70	5.95	0.25	66.86	69.81	2.95	4.4%
2,000	52.66	54.98	2.32	17	17.76	0.76	69.66	72.74	3.08	6.50	6.79	0.29	76.16	79.53	3.37	4.4%
4,000	52.66	54.98	2.32	25.5	26.64	1.14	78.16	81.62	3.46	7.31	7.63	0.32	85.47	89.25	3.78	4.4%
6,000	52.66	54.98	2.32	34	35.52	1.52	86.66	90.5	3.84	8.11	8.47	0.36	94.77	98.97	4.20	4.4%
8,000	52.66	54.98	2.32	39.72	41.49	1.77	92.38	96.47	4.09	8.65	9.03	0.38	101.03	105.50	4.47	4.4%
<b>Tier 2 - \$5.97</b> (Curr - \$5.72)	52.66	54.98	2.32	56.88	59.40	2.52	109.54	114.38	4.84	10.27	10.72	0.45	119.81	125.10	5.29	4.4%
12,000	52.66	54.98	2.32	68.32	71.34	3.02	120.98	126.32	5.34	11.34	11.84	0.50	132.32	138.16	5.84	4.4%
14,000	52.66	54.98	2.32	79.76	83.28	3.52	132.42	138.26	5.84	12.42	12.96	0.54	144.84	151.22	6.38	4.4%
16,000	52.66	54.98	2.32	91.20	95.22	4.02	143.86	150.2	6.34	13.50	14.09	0.59	157.36	164.29	6.93	4.4%
18,000	52.66	54.98	2.32	102.64	107.16	4.52	155.3	162.14	6.84	14.57	15.21	0.64	169.87	177.35	7.48	4.4%
20,000	52.66	54.98	2.32	117.68	122.86	5.18	170.34	177.84	7.50	15.98	16.68	0.70	186.32	194.52	8.20	4.4%
<b>Tier 3 - \$7.85</b> (Curr - \$7.52)	52.66	54.98	2.32	132.72	138.56	5.84	185.38	193.54	8.16	17.40	18.16	0.76	202.78	211.70	8.92	4.4%
22,000	52.66	54.98	2.32	147.76	154.26	6.50	200.42	209.24	8.82	18.81	19.63	0.82	219.23	228.87	9.64	4.4%
24,000	52.66	54.98	2.32	162.80	169.96	7.16	215.46	224.94	9.48	20.22	21.10	0.88	235.68	246.04	10.36	4.4%
26,000	52.66	54.98	2.32	177.84	185.66	7.82	230.5	240.64	10.14	21.63	22.57	0.94	252.13	263.21	11.08	4.4%
28,000	52.66	54.98	2.32	192.88	205.96	8.68	249.94	260.94	11.00	23.45	24.48	1.02	273.39	285.42	12.02	4.4%
30,000	52.66	54.98	2.32	207.92	236.41	9.97	279.1	291.39	12.29	26.18	27.33	1.14	305.28	318.72	13.43	4.4%
<b>Tier 4 - \$10.15</b> (Curr - \$9.72)	52.66	54.98	2.32	275.04	287.16	12.12	327.7	342.14	14.44	30.74	32.08	1.34	358.44	374.22	15.78	4.4%
32,000	52.66	54.98	2.32	323.64	337.91	14.27	376.3	392.89	16.59	35.29	36.83	1.54	411.59	429.72	18.13	4.4%
35,000	52.66	54.98	2.32	372.24	388.66	16.42	424.9	443.64	18.74	39.84	41.58	1.74	467.4	485.22	20.48	4.4%
40,000	52.66	54.98	2.32	435.39	454.61	19.22	488.05	509.59	21.54	45.75	47.75	2.00	533.80	557.34	23.54	4.4%
45,000	52.66	54.98	2.32	498.54	520.56	22.02	551.2	575.94	24.34	51.65	53.92	2.26	602.85	629.46	26.60	4.4%
50,000	52.66	54.98	2.32	561.69	586.51	24.82	614.35	641.49	27.14	57.56	60.08	2.52	671.91	701.57	29.66	4.4%
55,000	52.66	54.98	2.32	624.84	652.46	27.62	677.5	707.44	29.94	63.46	66.25	2.78	740.96	773.69	32.72	4.4%
60,000	52.66	54.98	2.32	751.14	784.36	33.22	803.8	839.34	35.54	75.27	78.58	3.31	879.07	917.92	38.85	4.4%
65,000	52.66	54.98	2.32	877.44	916.26	38.82	930.10	971.24	41.14	87.08	90.91	3.83	1,017.18	1,062.15	44.97	4.4%
70,000	52.66	54.98	2.32	1,003.74	1,048.16	44.42	1,056.40	1,103.14	46.74	98.90	103.24	4.35	1,155.90	1,206.38	51.09	4.4%
75,000	52.66	54.98	2.32													
80,000	52.66	54.98	2.32													
85,000	52.66	54.98	2.32													
90,000	52.66	54.98	2.32													
95,000	52.66	54.98	2.32													
100,000	52.66	54.98	2.32													

Average Residential Usage

**CAREFREE WATER COMPANY RATE SCHEDULE**  
**Effective July 1, 2023**  
**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>				\$4.40 per 1,000 gal.		\$5.97 per 1,000 gal.		\$7.85 per 1,000 gal.		\$10.15 per 1,000 gal.		\$13.09 per 1,000 gal.			
Residential	5/8", 3/4", 1"	R1, R2, R4	\$ 54.98	0	8,001	20,000	20,001	30,001	30,001	50,000	50,001	and over			
Residential	5/8", 3/4", 1"	RLA, R2A, R4A	\$ 74.98	0	8,001	20,000	20,001	30,001	30,001	50,000	50,001	and over			
<b>COMMERCIAL METERS</b>															
Commercial	1 inch	C5/C5A	\$98.97/\$118.97	0	8,001	16,000	16,001	32,001	32,001	64,000	64,001	and over			
Commercial	1-1/2 inch	C6/C6A	\$245.62/\$265.62	0	11,001	16,000	16,001	35,001	35,001	70,000	70,001	and over			
Commercial	2 inch	C8/C8A	\$588.76/\$608.76	0	20,001	40,000	40,001	80,001	80,001	160,000	160,001	and over			
Commercial	3 inch	C9/C9A	\$784.79/\$804.79	0	100,001	200,000	200,001	400,001	400,001	600,000	600,001	and over			
<b>MASTER METERS</b>															
Master Meter 1		MM1 - 8	\$ 417.76	0	30,001	40,000	40,001	60,001	60,001	80,000	80,001	and over			
Master Meter 2		MM2 - 4	\$ 209.89	0	30,001	50,000	50,001	70,001	70,001	90,000	90,001	and over			
Master Meter 3		MM3 - 8	\$ 417.76	0	40,001	80,000	80,001	100,001	100,001	150,000	150,001	and over			
Master Meter 4		MM4 - 6	\$ 313.35	0	50,001	100,000	100,001	190,001	190,001	250,000	250,001	and over			
Master Meter 5		MM5 - 12	\$ 639.66	0	30,001	50,000	50,001	80,001	80,001	100,000	100,001	and over			
Master Meter 6		MM6 - 38	\$ 1,984.39	0	170,001	270,000	270,001	300,001	300,001	350,000	350,001	and over			
Master Meter 7		MM7 - 18	\$ 940.01	0	80,001	100,000	100,001	120,001	120,001	150,000	150,001	and over			
Master Meter 8		MM8 - 11	\$ 574.43	0	90,001	150,000	150,001	200,001	200,001	250,000	250,001	and over			
Master Meter 9		MM9 - 11	\$ 574.43	0	75,001	105,000	105,001	135,001	135,001	165,000	165,001	and over			
Master Meter 10		MM10 - 11	\$ 574.53	0	60,001	120,000	120,001	190,001	190,001	220,000	220,001	and over			
<b>STAND PIPE</b>															
Stand Pipe		CWH	-												
<b>FIRE HYDRANT METER</b>															
Fire Hydrant		FHY	\$ 172.78												

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)	\$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 <sup>3</sup>			
Meter and Service Size	Service Connection Charge	Water Capacity Fee <sup>1</sup>	Total
1" Meter and Service	\$5,730.00	\$4,640.00	\$10,370.00
1" Meter Only-New Subdivision	\$1,230.00	\$4,640.00	\$5,870.00
1-1/2" Meter and Service	\$7,958.00	\$8,409.00	\$16,367.00
2" Meter and Service	\$12,063.00	\$13,061.00	\$25,124.00
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")	\$5,010.00	-	\$5,010.00
1" Meter Only Upgrade (from 3/4")	\$510.00	-	\$510.00
Development Category	Water Supply Fee		
Single Family Residential	\$1,445.00 per Unit		
Multi-Family Residential	\$722.50 per Unit		
All Other (Commercial, Common Area, Irrigation, etc.)	\$2,890.00 per AF of Annual Demand <sup>2</sup>		

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

<sup>2</sup>Annual Demand Calculations to be Submitted to and Approved by the Carefree Water Company

<sup>3</sup>Total New Construction Charges/Fees = Service Connection Charge + Water Capacity Fee + Water Supply Fee

PAYMENT AND BILLING FEES	
Credit Card Convenience Fee (per transaction)	
Monthly Billings & Other Charges Under \$500	\$4.00
Other Charges Over \$500	3% of Amount
Late Payment or Delinquent Charge (per month)	\$7.00
Foreign Currency Transaction	\$10.00
Foreign Mailing Fee	\$3.00
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	\$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

\_\_\_\_\_ = FY 23-24 Revisions

SAMPLE RESIDENTIAL WATER BILL CALCULATION <sup>4</sup>			
1.1 inch Residential Meter (R4/R4A Classification) @ 24,000 gallons			
	@	Original Water Service Area (R4)	Acquisition Service Area (R4A)
Tier 1:	8,000 gallons	= \$ 34.00	= \$ 34.00
Tier 2:	12,000 gallons	= \$ 68.64	= \$ 68.64
Tier 3:	4,000 gallons	= \$ 30.08	= \$ 30.08
Tier 4:	0 gallons	= \$ -	= \$ -
Tier 5:	0 gallons	= \$ -	= \$ -
<b>Month Total:</b>	<b>24,000 gallons</b>	<b>Base Fee \$ 52.66</b>	<b>\$ 72.66</b>
		<b>Total (Does not include taxes)</b>	<b>\$ 185.38</b>

<sup>4</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 23-24**

- “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  
2023-2024 Budget

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
<b>Revenues</b>													
Water Sales	457,888	445,023	444,781	409,461	413,738	335,571	311,319	311,452	334,143	353,900	378,239	446,370	4,641,885
New Meter & Service Fees	3,927		3,927		3,927				3,927			3,927	19,635
DFGC Electrical Fees			5,292		5,292				5,292			5,292	21,168
Cell Tower Rental Fees (net)	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,879	1,878	1,878	22,546
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
<b>Total Revenues</b>	<b>465,694</b>	<b>448,902</b>	<b>457,879</b>	<b>413,340</b>	<b>417,617</b>	<b>348,669</b>	<b>315,198</b>	<b>315,331</b>	<b>347,241</b>	<b>357,779</b>	<b>382,117</b>	<b>489,467</b>	<b>4,729,234</b>
<b>Cost of Water</b>													
Scottsdale CAP	114,356	106,291	109,742	99,388	99,415	77,662	68,615	69,244	79,251	87,260	95,285	118,298	1,124,807
Cave Creek CAP													
Ground Water Pumped	15,267	12,472	12,778	11,860	11,458	9,619	10,854	8,907	9,753	10,430	11,110	13,055	137,563
Central Ariz. Project	32,008	30,293	31,027	28,826	27,862	23,453	24,968	35,127	27,651	29,671	31,694	37,497	360,077
<b>Total Water Costs</b>	<b>161,631</b>	<b>149,056</b>	<b>153,547</b>	<b>140,074</b>	<b>138,735</b>	<b>110,734</b>	<b>104,437</b>	<b>113,278</b>	<b>116,655</b>	<b>127,361</b>	<b>138,089</b>	<b>168,850</b>	<b>1,622,447</b>
<b>General and Administrative</b>													
Maintenance	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,009	90,008	1,080,107
Depreciation	22,960	22,960	22,960	22,960	22,960	22,960	22,960	22,959	22,959	22,959	22,959	22,959	275,515
<b>Total Other Costs</b>	<b>165,969</b>	<b>165,969</b>	<b>165,969</b>	<b>165,969</b>	<b>165,969</b>	<b>165,969</b>	<b>165,969</b>	<b>165,968</b>	<b>165,968</b>	<b>165,968</b>	<b>165,968</b>	<b>166,967</b>	<b>2,003,622</b>
<b>REVENUES LESS COSTS</b>	<b>137,094</b>	<b>132,877</b>	<b>137,363</b>	<b>106,297</b>	<b>111,913</b>	<b>70,966</b>	<b>43,792</b>	<b>35,085</b>	<b>63,618</b>	<b>63,450</b>	<b>77,060</b>	<b>123,650</b>	<b>1,103,165</b>

CASH FLOW

Cash Flow	1,103,165												
Net Gain	648,000												
Depreciation	12,000												
Equipment Loss W/O													
<b>Total Available</b>	<b>1,763,165</b>												
Cash Uses													
Reserves													
Bond Trustee Fee	800												
Bond Payment	849,200												
Capital Advance	20,000												
WIFA Payment	244,764												
UCFD Rent	33,000												
<b>Total Operating Uses</b>	<b>1,147,764</b>												
Cash Available													
<b>Cash Utilized</b>	<b>615,401</b>												
<b>Total Capital Uses</b>	<b>615,401</b>												



## **Cost of Water Summary Carefree Water Company – FY 23-24**

- Water use is based on a 3-year average
- Assumes full year of Acquisition Area Water Usage
- The cost of water is the Water Company's single largest expense at over \$1.6M
- Continued Focus on Utilizing Renewable CAP Supply (Saving GW for Emergencies)
  - 72% CAP Water
  - 28% Groundwater
- Water costs are increasing about \$400,000 this FY due to the following:
  - Increased usage from Acquisition Area (300 AF/yr)
  - 5% Increase in Scottsdale Treated Water Costs
  - 5% Increase in APS Costs
  - Overall 16% Increase in CAP Raw Water Costs Reflective of Tier 2A Shortage Conditions



Carefree Water Company  
Estimated Water Costs  
Fiscal Year 2023-24

5/24/2023

325.851

Acre-feet

	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	Total
Water Sold FY22-23 (22 Only)	105.1	91.3	99.6	82.2	81.1	65.3							525.6
Water Sold FY21-22	91.9	80.9	85.3	79.0	64.9	64.9	55.1	60.9	69.4	74.4	81.3	98.5	932.5
Water Sold FY20-21	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
Water Sold FY19-20 (20 Only)							56.0	54.3	57.8	64.7	76.0	88.8	597.6
3-yr Average Water Sold (Use for 23-24)	100.8	93.6	96.7	87.5	83.4	65.0	57.3	57.9	66.3	73.1	79.9	99.4	961.0
3-yr Average Water Sold (Use for 23-24)	32,835	30,500	31,499	28,501	27,187	21,180	18,682	18,856	21,619	23,831	26,046	32,400	313,136
Percent of Annual Usage (Use for 23-24)	10.9%	9.7%	10.1%	9.1%	8.7%	6.8%	6.0%	6.0%	6.9%	7.6%	8.3%	10.3%	100.0%
Water Sold (Use for 23-24 Adj. for CSA)*	132.2	122.8	126.8	114.8	109.5	85.3	75.2	75.9	87.1	96.0	104.9	130.5	1,261.0
Water Sold (Use for 23-24 Adj. for CSA)*	49,085	40,021	41,332	37,899	35,674	27,792	24,514	24,742	28,368	31,270	34,178	42,515	410,892
Water Supplied (Sold/0.9) (Use for 23-24)*	146.9	136.5	140.9	127.5	121.6	94.8	83.6	84.4	96.7	106.6	116.5	145.0	1,401.1

\*Note: Adjusted for CSA Acquisition

Ground Water A.F. (28%)	41.1	38.2	39.5	35.7	34.1	26.5	23.4	23.6	27.1	29.9	32.6	40.6	392.3
CAP Water A.F. (72%)	105.8	98.3	101.5	91.8	87.6	68.2	60.2	60.7	69.6	76.8	83.9	104.4	1,008.8
CAP Water A.F. +5%	5.3	4.9	5.1	4.6	4.4	3.4	3.0	3.0	3.5	3.8	4.2	5.2	50.4

CAVE CREEK WATER

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
Acre-Feet	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
1,000's Gallons	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
Cost @\$X.XX/1,000 Gal.	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
Total Cost	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

SCOTTSDALE WATER

100% of CAP Water	105.8	98.3	101.5	91.8	87.6	68.2	60.2	60.7	69.6	76.8	83.9	104.4	1,008.8
Acre-Feet	105.8	98.3	101.5	91.8	87.6	68.2	60.2	60.7	69.6	76.8	83.9	104.4	1,008.8
1,000's Gallons	34,468	32,017	33,066	29,919	28,539	22,234	19,611	19,794	22,695	25,016	27,342	34,012	328,713
Cost @\$3.45/1,000 Gal. *	\$3.29	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45
Meter Fee	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$955.08	\$11,461
* \$3.29/1,000 Gal. Until Nov. 2023 (5% Increase Thereafter)	\$114,356	\$106,291	\$109,742	\$99,388	\$99,415	\$77,862	\$68,615	\$69,244	\$79,251	\$87,260	\$95,285	\$118,297	\$1,124,807
Total Cost	\$3.29	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45	\$3.45

POTABLE GROUNDWATER

Pumped Groundwater (A.F. - From Above)	41.1	38.2	39.5	35.7	34.1	26.5	23.4	23.6	27.1	29.9	32.6	40.6	392.3
Pumped Groundwater (1,000 gallons)	13,404	12,451	12,859	11,635	11,099	8,647	7,627	7,698	8,826	9,728	10,693	13,227	127,833
Cost @\$0.75/1,000 Gal. (5% Increase)	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
Groundwater Withdrawal Fee (ADWR)	\$3,450	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$1,370	\$18,520
Chemicals and Testing	\$13,508	\$10,708	\$11,014	\$10,096	\$9,694	\$7,855	\$9,090	\$7,143	\$7,989	\$8,666	\$9,345	\$11,290	\$116,395
Total Cost	\$13,508	\$10,708	\$11,014	\$10,096	\$9,694	\$7,855	\$9,090	\$7,143	\$7,989	\$8,666	\$9,345	\$11,290	\$116,395

GOLE COURSE GROUNDWATER

A.F. Pumped (2022)	184.3												
(2021)	149.6												
(2020)	198.7												
(3-yr Ave.)	177.5												

ELECTRICAL COST

kWh/AF \$/kWh (From Desert Forest Agreement)	745.22	0.16	\$1,764.02	\$1,764.02	\$1,764.02	\$1,764.02	\$1,764.02	\$1,764.02	\$1,764.02	\$1,764.02	\$1,764.02	\$1,764.02	\$21,168
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CAP COSTS

Capital Cost (per AF)	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$53	\$94,870
Delivery Cost (per AF)	\$217	\$270	\$270	\$270	\$270	\$270	\$270	\$270	\$270	\$270	\$270	\$270	\$255,708
CAP Contingency	\$32,008	\$30,293	\$31,027	\$28,826	\$27,862	\$23,458	\$24,968	\$35,127	\$27,651	\$29,671	\$31,694	\$37,497	\$10,000
Total Cost	\$161,631	\$149,056	\$153,547	\$140,075	\$138,735	\$110,734	\$104,437	\$113,278	\$116,655	\$127,361	\$138,088	\$168,949	\$1,622,447

ALL WATER COSTS

Total Cost	\$161,631	\$149,056	\$153,547	\$140,075	\$138,735	\$110,734	\$104,437	\$113,278	\$116,655	\$127,361	\$138,088	\$168,949	\$1,622,447
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## **General and Administrative (G&A) Summary Carefree Water Company – FY 23-24**

- Overall G&A expenses up only 2% (up approx. \$16,500) compared to last FY
  - Payroll Costs Up only 1% - \$6,500 even with:
    - 4.7% Cost-of-Living Adjustment – All employees
    - 10% Increase in Health/Dental/Vision
  - Younger employee demographic with fewer dependents reduced overall group insurance costs
  
  - Insurance decrease of 58% - \$30,000
    - Reduced Amount of “Subcontracted” Work associated with Carefree WCP
    - Insurance Carrier Assumption: Decreased Risk
  
  - Other drivers
    - Fuel/Gas – 15% increase, up \$4,900
    - Carefree WCP associated increases:
      - Postage for billings
      - Office supplies

**General and Administrative Budget by Category  
for 2023-24**

	2022-2023 Budget	2023-2024 Budget	Difference	
<u>Payroll, Payroll Taxes, Group Insurance &amp; Benefits</u>				
Base Salaries	536,041	546,045		
Overtime	4,000	4,000		
Compensation Time	3,000	3,000		
Bonus	4,000	4,000		
Merit Increase	-	-		
Emgr. On-Call	14,600	14,600		
All Health Insurance Combined	96,616	90,638		
IRA and Retirement	54,942	56,638		
All Payroll taxes	38,422	39,062		
Medicare	8,145	8,289		
Unemployment	-	-		
Equalization Taxes	-	-		
	<u>759,765</u>	<u>766,272</u>	<u>6,507</u>	1%
<u>Training Expense A/C 60154</u>				
	<u>4,000</u>	<u>10,000</u>	<u>6,000</u>	60%
<u>Employee Expenses A/C 60152</u>				
Uniforms	3,000	4,500		
	<u>3,000</u>	<u>4,500</u>	<u>1,500</u>	33%
<u>Safety Equipment A/C 60156</u>				
Personal Protective Equipment	1,500	2,000		
Safety Equipment	2,000	2,000		
	<u>3,500</u>	<u>4,000</u>	<u>500</u>	13%
<u>Accounting and Professional Services A/C 60201</u>				
Auditors	7,800	8,120		
Dasco	2,500	2,500		
ER System	6,000	6,000		
Payroll Experts	3,000	3,000		
	<u>19,300</u>	<u>19,620</u>	<u>320</u>	2%
<u>Legal A/C 60202</u>				
	<u>5,000</u>	<u>7,000</u>	<u>2,000</u>	29%
<u>Cleaning Service A/C 60204</u>				
Regular	8,000	8,000		
	<u>8,000</u>	<u>8,000</u>	<u>0</u>	0%

<u>SCADA A/C 60207</u>			
SCADA	5,000	5,000	
Specter - WIN 911	700	700	
	<u>5,700</u>	<u>5,700</u>	0
<u>Computer A/C 60205</u>			
UMS Annual Fee	4,500	6,000	
Sage	5,300	7,000	
Beacon Mobile	3,360	5,000	
Computer Repair Contract	14,000	16,000	
Computer Repair additional hours	4,000	4,000	
Printer	500	500	
Fixed Asset Software	300	300	
Server Warranty Care Pack	1,015	1,500	
Firewall	140	140	
	<u>33,115</u>	<u>40,440</u>	7,325
			18%
<u>Insurance A/C 60250</u>			
Cincinnati Insurance	77,000	47,000	
Claims (Insurance Deductible- Contingency)	5,000	5,000	
	<u>82,000</u>	<u>52,000</u>	(30,000)
			-58%
<u>Postage A/C 60300</u>			
Billings	7,500	14,400	
Mail Pickup	550	-	
Additional mailings	1,450	2,500	
	<u>9,500</u>	<u>16,900</u>	7,400
			44%
<u>Telephone A/C 60351</u>			
Cox	3,100	4,000	
Verizon	4,000	5,500	
Replacement Cell Phones	650	1,200	
	<u>7,750</u>	<u>10,700</u>	2,950
			28%

<u>Promotional A/C 60353</u>				
Truck Magnets	250	250		
Advertisement	500	500		
	<u>750</u>	<u>750</u>	<u>0</u>	0%
<u>Auto Expense A/C 60400</u>				
Repairs, batteries, tires	2,500	2,500		
Fuel *	23,100	28,000		
Fuel Adj.(Potential Increase)	3,000	3,000		
	<u>28,600</u>	<u>33,500</u>	<u>4,900</u>	15%
<u>Office Supplies A/C 60452</u>				
Printing	4,600	6,200		
Stuffing Machine Annual Maint.	1,700	2,300		
All Other	3,500	4,500		
	<u>9,800</u>	<u>13,000</u>	<u>3,200</u>	25%
<u>Security and Emergency A/C 60453</u>				
Safeguard - Office	700	700		
	<u>700</u>	<u>700</u>	<u>0</u>	0%
<u>Office Utilities A/C 60454</u>				
	<u>5,100</u>	<u>5,600</u>	<u>500</u>	9%
<u>Fees and Permits A/C 60501</u>				
Maricopa County	3,100	3,300		
ACC	50	50		
Carefree Shadows HOA	125	125		
Town License	40	40		
	<u>3,315</u>	<u>3,515</u>	<u>200</u>	6%
<u>Dues and Subscriptions A/C 60456</u>				
Blue Stake	1,000	1,000		
AWWA Membership	400	420		
Rural Water Association	1,000	1,500		
WEF	205	210		
AZ Water Association	250	250		
American Society of Civil Engineers	300	300		
Costco	250	-		
Water Operator Certifications	300	500		
	<u>3,705</u>	<u>4,180</u>	<u>475</u>	11%

<u>Office Equipment Rental A/C 60457</u>				
Postage Machine	1,800	1,800		
	<u>1,800</u>	<u>1,800</u>	<u>0</u>	0%
<u>Bad Debt Write-off A/C 60550</u>				
	3,000	4,000	1,000	25%
<u>Loss Write Off - Meters</u>				
	12,000	12,000	0	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>				
	4,800	6,000	1,200	20%
<u>Bank Charges A/C 60653</u>				
All Other Banks	500	500		
Chase (Electronic Banking)	10,000	10,500		
	<u>10,500</u>	<u>11,000</u>	<u>500</u>	5%
<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	2,500	2,500		
	<u>2,500</u>	<u>2,500</u>	<u>0</u>	0%
Total Costs	<u>1,063,630</u>	<u>1,080,107</u>	<u>16,477</u>	2%

## **Replacement and Maintenance (R&M) Summary Carefree Water Company – FY 23-24**

- 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
- Budget is up 18% this fiscal year, \$42,000, reflecting:
  - Additional R&M in Carefree Service Area (Neighborhoods A, B, and C)
    - Focus: Fire Hydrant Maintenance and Repair
  - Supply-Chain Related Issues
  - Material/Contract Labor/Equipment Rental Increases

**Replacement and Maintenance Budget  
2023-2024**

	2022-2023 Budget	2023-2024 Budget	Variance	Percentage
<u>R &amp; M Tanks</u>				
Tank Maint.	32,000	36,000		
Misc.	3,000	3,000		
	<u>35,000</u>	<u>39,000</u>	<u>4,000</u>	<u>11%</u>
<u>R &amp; M Pumps and Wells</u>				
Pumps Stations	10,300	10,300		
Wells	5,150	5,150		
	<u>15,450</u>	<u>15,450</u>	<u>0</u>	<u>0%</u>
<u>R &amp; M Mains and Valves</u>				
Valves	61,500	30,000		
Mains Repairs	28,750	60,250		
Other Distribution Repairs	0	0		
	<u>90,250</u>	<u>90,250</u>	<u>0</u>	<u>0%</u>
<u>R &amp; M Services/Meters</u>	<u>34,500</u>	<u>50,000</u>	<u>15,500</u>	<u>45%</u>
<u>R &amp; M Easements &amp; Right of Way Landscape</u>	<u>2,000</u>	<u>2,000</u>	<u>0</u>	<u>0%</u>
<u>R &amp; M Equipment</u>				
Backhoe	4,500	4,500		
Ditch Witch	1,500	2,000		
Mini Excavator	1,000	1,500		
Trucks	1,500	5,000		
Chlorination	1,725	2,000		
Town Equipment Cost Sharing	4,000	4,000		
	<u>14,225</u>	<u>19,000</u>	<u>4,775</u>	<u>34%</u>
<u>Fire Hydrant Maintenance</u>	<u>5,000</u>	<u>10,000</u>	<u>5,000</u>	<u>100%</u>
<u>R &amp; M Generator</u>	<u>25,000</u>	<u>25,000</u>	<u>0</u>	<u>0%</u>
<u>R &amp; M Interconnect</u>	<u>2,300</u>	<u>3,000</u>	<u>700</u>	<u>30%</u>
<u>R &amp; M Supplies</u>	<u>5,175</u>	<u>7,000</u>	<u>1,825</u>	<u>35%</u>



<u>R &amp; M General</u>				
AC Units	2,300	3,500		
Fire Protection	700	700		
Exterminating	615	615		
	<u>3,615</u>	<u>4,815</u>	<u>1,200</u>	<u>33%</u>
<u>Equipment Rental</u>	<u>1,000</u>	<u>10,000</u>	<u>9,000</u>	<u>900%</u>
Total Maint. and Replacement	<u>233,515</u>	<u>275,515</u>	<u>42,000</u>	<u>18%</u>

**Reserve Recommendations  
Carefree Water Company – FY 23-24**

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

**Recommendation: Reanalyze and re-target for future years.**

## Capital Improvement Program Recommendations Carefree Water Company – FY 23-24

**Total FY 23-24 Capital Budget - \$615,401**

- Fire Protection – \$0 (14 New Hydrants as Part of the Silver Saddle and Peaceful Place Projects)
- System Automation and Technology - \$100,000
- System Improvements – \$386,030
- Capital Equipment - \$75,000
- Water Rights - \$54,371
- Capital Reserves (Large Project Improvement Fund) - \$0

### CAPITAL IMPROVEMENT PROGRAM DETAILS

#### Fire Protection - \$0

- 14 New Fire Hydrant Installations
  - Silver Saddle Gravity Zone Improvement Project (7)
  - Peaceful Place BPS Improvement Project (7)

#### System Automation and Technology - \$100,000

- SCADA System Upgrades

#### System Improvements - \$386,030

- Priorities to be established with system assessments

#### Capital Equipment Account – \$75,000 (Annual FY 23-24 Deposit)\*

\* See Attached 10-year Capital Equipment Plan

#### Water Rights – \$16,000

NIA Payment	\$16,000
Modified Bartlett Dam	\$30,000
SCIF Technical Review	<u>\$8,371</u>
Total	\$54,371

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

**CAREFREE WATER COMPANY  
10-YEAR CAPITAL IMPROVEMENT PLAN  
FY 23-24 THRU FY 32-33**

Capital Improvement Description	Fiscal Year (FY)										Line Item Total	Category Total	
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33			
<b>Fire Protection</b>													
Number of Fire Hydrants	14*	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	\$ 100,000												
Billing System Upgrades				\$ 30,000								\$ 30,000	\$ 30,000
<b>System Improvements</b>													
Annual Meter Replacement (Typically 125 per year)	\$ 388,030												
Valve Replacement Program	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 270,000	\$ 270,000
Pipeline Upgrade Projects	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 2,700,000	\$ 3,325,000
<b>Capital Equipment</b>													
Annual Contribution**	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 750,000	\$ 750,000
<b>Water Rights</b>													
Non-Indian Ag CAP	\$ 54,371	\$ 46,000	\$ 46,000	\$ 46,000								\$ 192,371	\$ 192,371
<b>Capital Reserve</b>													
	\$ -	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 900,000	\$ 900,000
<b>Total FY Expenditure</b>	\$ 615,401	\$ 596,000	\$ 626,000	\$ 626,000	\$ 610,000	\$ 660,000	\$ 660,000	\$ 665,000	\$ 600,000	\$ 645,000	\$ 645,000	\$ 5,587,371	\$ 6,587,371

\* As Part of the Silver Saddle and Peacetul Place Projects  
\*\* See Supplemental Capital Equipment Plan Spreadsheet

**CAREFREE WATER COMPANY  
10-YEAR CAPITAL EQUIPMENT PROGRAM  
FY 23-24 THRU FY 32-33**

Capital Equipment Description	Fiscal Year (FY)										10-Yr Total	
	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31	31-32	32-33		
<b>Vehicles and Heavy Equip.</b>												
Work Truck #1		\$ 75,000						\$ 80,000				\$ 155,000
Work Truck #2			\$ 75,000						\$ 80,000			\$ 155,000
Work Truck #3												\$ 155,000
Towing Vehicle	\$ 75,000											\$ 15,000
Work Vehicle - GM	\$ 15,000											\$ 15,000
Backhoe (75/25 Cost Split w/Town)		\$ 50,000										\$ 100,000
Vactor Equipment (Ditch Witch)			\$ 90,000									\$ 90,000
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							\$ 18,000
Server and Components			\$ 11,000									\$ 22,000
Meter Reading Technology Upgrades	\$ 6,000		\$ 6,000									\$ 22,000
<b>Total FY Expenditure</b>	\$ 99,000	\$ 133,000	\$ 92,000	\$ 95,000	\$ 73,000	\$ 16,000	\$ 130,000	\$ 96,000	\$ 91,000	\$ 8,000	\$ 3,000	\$ 833,000
Prior FY Balance	\$ 105,208	\$ 86,208	\$ 33,208	\$ 21,208	\$ 6,208	\$ 13,208	\$ 77,208	\$ 27,208	\$ 11,208	\$ 208		
<b>Annual FY Contribution</b>	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 750,000
Misc. Sales	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 50,000
<b>End of FY Balance</b>	\$ 86,208	\$ 33,208	\$ 21,208	\$ 6,208	\$ 13,208	\$ 77,208	\$ 27,208	\$ 11,208	\$ 208	\$ 72,208		

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

**BOARD COMMUNICATION**

TO: PRESIDENT AND BOARD MEMBERS  
FROM: MEGHAN OREM, DISTRICT TREASURER *MO*  
THROUGH: GREG CROSSMAN, DISTRICT MANAGER *GC*  
DATE: MAY 31, 2023  
SUBJECT: JUNE 6, 2023 BOARD MEETING  
AGENDA ITEM NO. 4 – RESOLUTION 2023-03

---

Attached for your review prior to the June 6, 2023, Board meeting is Resolution 2023-03.

Resolution 2023-03, 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 23-24 District budget
- Approves the proposed FY 23-24 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.

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

**RESOLUTION 2023-03**

**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, 2023 AND ENDING JUNE 30, 2024; APPROVING PROPOSED CAREFREE WATER COMPANY RATES, FEES, DEPOSITS, AND CHARGES APPLICABLE FOR THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024; 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 2023/24 (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 2023/24, 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 2023/24, 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 6<sup>th</sup> day of June, 2023.

\_\_\_\_\_  
John Crane, 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 June 6, 2023, and that a quorum was present.

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

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

ATTACHMENTS:

- Exhibit A — Proposed Budget Fiscal Year 2023/24
- Exhibit B — Notice of Hearing



EXHIBIT A

TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT

PROPOSED BUDGET FISCAL YEAR 2023/24

<b>BEGINNING UCFD FUNDS AVAILABLE</b>		<b>\$3,323,877</b>
<b>SOURCES</b>		
<b>REVENUES (FROM CAREFREE WATER COMPANY)</b>		
Debt Service and Rent	\$1,147,764	
Capital Fund	\$1,645,963	
Contingency	\$500,000	
<b>Total CWC Revenues</b>		<b>\$3,293,727</b>
<b>OTHER REVENUE SOURCES</b>		
Federal Community Grant	\$800,000	
Town Capital Advance (Includes Fed. Local Match)	\$2,000,000	
<b>Total Other Revenue Sources</b>		<b>\$2,800,000</b>
<b>TOTAL SOURCES</b>		<b>\$9,417,604</b>
<b>EXPENDITURES</b>		
<b>ADMINISTRATION</b>		
Rent	\$33,000	
<b>Total Administration</b>		<b>\$33,000</b>
<b>CAPITAL</b>		
Public Infrastructure - Construction	\$7,600,000	
Contingency	\$500,000	
<b>Total Capital</b>		<b>\$8,100,000</b>
<b>DEBT SERVICE</b>		
Principal – Water System Revenue Bonds Series 2021	\$110,000	
Interest – Water System Revenue Bonds Series 2021	\$739,200	
Trustee Fees	\$800	
Capital Advance Payment	\$20,000	
Capital Lease Payment (WIFA)	\$244,764	
<b>Total Debt Service</b>		<b>\$1,114,764</b>
<b>TOTAL EXPENDITURES</b>		<b>\$9,247,764</b>
<b>ENDING FUNDS AVAILABLE</b>		<b>\$169,840</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 2023/24**

**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 2023/24 will be held by the District Board on June 6, 2023, 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.

The meeting can also be viewed livestream and will be posted on the Carefree YouTube Channel

<https://www.youtube.com/@CarefreeAZgov>

**Public Comment** – Public comments must be provided in-person. 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 permitted. Please identify your town or city of residence.

DATED this 23<sup>rd</sup> day of May, 2023.

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

District Manager

Town of Carefree, Arizona Utilities

Community Facilities District

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

**BOARD COMMUNICATION**

TO: PRESIDENT AND BOARD MEMBERS  
FROM: MEGHAN OREM, DISTRICT TREASURER **MO**  
THROUGH: GREG CROSSMAN, DISTRICT MANAGER **GC**  
DATE: MAY 31, 2023  
SUBJECT: JUNE 6, 2023 BOARD MEETING  
AGENDA ITEM NO. 4 – RESOLUTION 2023-03

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Attached for your review prior to the June 6, 2023, Board meeting is Resolution 2023-03.

Resolution 2023-03, 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 23-24 District budget
- Approves the proposed FY 23-24 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.

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

**RESOLUTION 2023-03**

**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, 2023 AND ENDING JUNE 30, 2024; APPROVING PROPOSED CAREFREE WATER COMPANY RATES, FEES, DEPOSITS, AND CHARGES APPLICABLE FOR THE FISCAL YEAR BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024; 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 2023/24 (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 2023/24, 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 2023/24, 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 6<sup>th</sup> day of June, 2023.

\_\_\_\_\_  
John Crane, 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 June 6, 2023, and that a quorum was present.

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

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

ATTACHMENTS:

- Exhibit A — Proposed Budget Fiscal Year 2023/24
- Exhibit B — Notice of Hearing

EXHIBIT A

TOWN OF CAREFREE, ARIZONA UTILITIES COMMUNITY FACILITIES DISTRICT

PROPOSED BUDGET FISCAL YEAR 2023/24

<b>BEGINNING UCFD FUNDS AVAILABLE</b>		<b>\$3,323,877</b>
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<b>Total CWC Revenues</b>		<b>\$3,293,727</b>
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<b>Total Other Revenue Sources</b>		<b>\$2,800,000</b>
<b>TOTAL SOURCES</b>		<b>\$9,417,604</b>
<b>EXPENDITURES</b>		
<b>ADMINISTRATION</b>		
Rent	\$33,000	
<b>Total Administration</b>		<b>\$33,000</b>
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Contingency	\$500,000	
<b>Total Capital</b>		<b>\$8,100,000</b>
<b>DEBT SERVICE</b>		
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Interest – Water System Revenue Bonds Series 2021	\$739,200	
Trustee Fees	\$800	
Capital Advance Payment	\$20,000	
Capital Lease Payment (WIFA)	\$244,764	
<b>Total Debt Service</b>		<b>\$1,114,764</b>
<b>TOTAL EXPENDITURES</b>		<b>\$9,247,764</b>
<b>ENDING FUNDS AVAILABLE</b>		<b>\$169,840</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 2023/24**

**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 2023/24 will be held by the District Board on June 6, 2023, 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.

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<https://www.youtube.com/@CarefreeAZgov>

**Public Comment** – Public comments must be provided in-person. 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 permitted. Please identify your town or city of residence.

DATED this 23<sup>rd</sup> day of May, 2023.

*/s/ Greg Crossman*  
\_\_\_\_\_  
District Manager  
Town of Carefree, Arizona Utilities  
Community Facilities District



**CAREFREE WATER COMPANY, INC. AND  
CAREFREE UCFD**

**BOARD COMMUNICATION**

TO: PRESIDENT AND BOARD MEMBERS

FROM: GREG CROSSMAN, GENERAL MANAGER *GC*

DATE: MAY 31, 2023

SUBJECT: JUNE 6, 2023, BOARD MEETING - AGENDA ITEM NO. 6  
SRP-CAP INTERCONNECTION FACILITY (SCIF) COST SHARING AGMNT.

**Introduction**

The attached Resolution 2023-04 authorizes the Carefree Water Company to enter into a Cost Sharing Agreement for the Technical Review of the SRP-CAP Interconnection Facility (SCIF).

**Background**

Salt River Project (SRP), in conjunction with the Central Arizona Water Conservation District (CAWCD) and other entities, are investigating the design and construction of an interconnection facility that would allow water to be delivered from the SRP canal system into the CAP canal system.

From Carefree's perspective, having the ability to deliver water from the SRP canal system into the CAP canal system would be beneficial if the modified Bartlett Dam process, which Carefree is participating in, proves to be a viable water supply alternative for our community.

In July of 2022, Carefree entered into a non-binding Memorandum of Understanding (MOU) for the SCIF, showing our support for its planning, design, permitting, construction, and operation. Although there was no financial commitment required to enter into the MOU, the MOU made it clear that there would be milestones where financial commitment would be necessary in order to continue in the process. This Cost Sharing Agreement for Technical Review is the first of these financial milestones.

The Technical Review covered under this Cost Sharing Agreement will be performed by the U.S. Bureau of Reclamation with the purpose of framing and outlining the necessary environmental reviews that will be required for construction of the SCIF.

**Action Summary**

Approval of Resolution 2023-04 will commit the Water Company to provide \$8,371 in funding as our participation in the Technical Review process as discussed above. This funding is being included by the Water Company as part of the FY 23-24 budgeting process. Future participation in the SCIF process, including future funding requirements, continues to be voluntary for all participants, including Carefree, with a mechanism detailed for departure and potential cost recovery if any entity chooses to no longer participate.

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



# CAREFREE WATER COMPANY

## RESOLUTION 2023-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC., AN ARIZONA CORPORATION, AUTHORIZING THE GENERAL MANAGER OF THE CAREFREE WATER COMPANY TO EXECUTE THE AGREEMENT TO SHARE COSTS FOR THE TECHNICAL REVIEW OF THE SRP-CAP INTERCONNECTION FACILITY AMONG COST SHARE PARTNERS AND SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT ("COST SHARING AGREEMENT").

**WHEREAS**, a long-term sustainable water supply is a strategic resource necessary to meet current and future water demands of Carefree residents and businesses; and

**WHEREAS**, the Salt River Project Agricultural Improvement and Power District (SRP), in collaboration with the Central Arizona Water Conservation District (CAWCD), have begun planning for the design, permitting, and construction of an SRP-CAP Interconnection Facility (SCIF), which would provide the infrastructure to facilitate the transportation of water from the SRP water delivery system to the CAP Canal; and

**WHEREAS**, the SCIF is a potential mechanism for the delivery of a future water supply from modified Bartlett Dam, if acquired, to Carefree through the CAP Canal; and

**WHEREAS**, 12 entities, including SRP, CAWCD and the Carefree Water Company, have signed a Memorandum of Understanding which describes the phases and cost-sharing agreements that will be necessary to implement the SCIF; and

**WHEREAS**, an initial step in the planning process is for the Bureau of Reclamation to provide a Technical Review to frame and outline the necessary environmental reviews that will be required for construction of the SCIF; and

**WHEREAS**, the subject Cost Sharing Agreement details the terms and conditions for the 12 entities to share in the costs of the Technical Review.

**NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CAREFREE WATER COMPANY, INC., THE FOLLOWING:**

**Section 1.** The Agreement to Share Costs for the Technical Review of the SRP-CAP Interconnection Facility Among Cost-Share Partners and Salt River Project Agricultural Improvement and Power District ("Cost Sharing Agreement"), as attached hereto, is hereby approved; and

**Section 2.** The General Manager of the Carefree Water Company is hereby authorized to take all actions necessary to enter into the Cost Sharing Agreement, or similar Agreement that is in substantial conformance to the attachment, in accordance with its terms and intent; and

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

**PASSED AND ADOPTED** by the Board of Directors of the Carefree Water Company, Inc. this 6<sup>th</sup> day of June, 2023.

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John Crane, President, Carefree Water Company

ATTEST:

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Kandace French Contreras, Secretary

APPROVED AS TO FORM

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Michael W. Wright, Water Company Attorney

**CERTIFICATE**

I hereby certify that the above and foregoing resolution was duly passed by the Board of Directors of the Carefree Water Company, Inc. at a regular meeting held on June 6, 2023, and that a quorum was present thereat and that the vote thereon was \_\_\_\_\_ ayes and \_\_\_\_\_ nays; \_\_\_\_\_ did not vote or were absent.

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Kandace French Contreras, Secretary

ATTACHMENT:

Agreement to Share Costs for the Technical Review of the SRP-CAP Interconnection Facility Among Cost-Share Partners and Salt River Project Agricultural Improvement and Power District

**AGREEMENT TO SHARE COSTS FOR THE TECHNICAL REVIEW OF THE  
SRP-CAP INTERCONNECTION FACILITY  
AMONG COST-SHARE PARTNERS  
AND  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

**1. PARTIES:**

This Agreement to Share Costs for the Technical Review of the SRP-CAP Interconnection Facility (“Agreement”), entered into this \_\_\_\_ day of \_\_\_\_\_, 2023 is by and among those entities listed in Exhibit A (“Cost-Share Partners”) and the Salt River Project Agricultural Improvement and Power District (“SRP”). SRP and the Cost-Share Partners are referred to collectively as “Parties” and individually as “Party”.

**2. RECITALS:**

This Agreement is made with regard to the following:

- 2.1. The Central Arizona Water Conservation District (“CAWCD”) is responsible for the care, operation, maintenance, and replacement of the Central Arizona Project (“CAP”), including the water delivery works of the CAP (herein “CAP Canal”). CAWCD also has certain groundwater replenishment authorities and responsibilities pursuant to A.R.S. §§ 48-3771, et. seq., commonly referred to as the Central Arizona Groundwater Replenishment District.
- 2.2 SRP is responsible for the care, operation, and maintenance of the Salt River Federal Reclamation Project, including the SRP water delivery system and the CAP-SRP Interconnection Facility (“CSIF”) located adjacent to the Granite Reef Diversion Dam, which provides SRP and CAWCD the ability to transport water from the CAP Canal to the SRP water delivery system.
- 2.3 SRP, in collaboration with CAWCD, has begun planning to design, permit, and construct the SRP-CAP Interconnection Facility (“SCIF”), which would connect the SRP water delivery system to the CAP Canal and provide the infrastructure to facilitate the transportation of water from the SRP water delivery system to the CAP Canal.

- 2.4 The Parties are considering (i) participating in the planning, design, permitting, construction, and operation of the SCIF and (ii) potentially obtaining capacity in the SCIF to assist in managing their water resources.
- 2.5 SRP and various participating entities signed a memorandum of understanding (“SRP-Participating Entities MOU”), attached as Exhibit B, to describe the: (1) the phases the Parties believe will be necessary to plan, design, permit, and construct the SCIF (collectively, the “Phases”; individually, a “Phase”) and (2) the cooperative efforts and roles and responsibilities of the Parties in each of those phases, including the development and execution of the cost-share agreements necessary to complete each of the contemplated Phases.
- 2.6 SRP and the Bureau of Reclamation (“Reclamation”) have signed or will sign an Advance Funding Agreement (“SRP-Reclamation Advance Funding Agreement”) as a mechanism for SRP to provide the non-federal funding for a technical review and concurrent initial discussions and planning to frame and outline the necessary environmental reviews by Reclamation for the SCIF (the “Technical Review”), including the funds collected under this Agreement.
- 2.7 SRP and HDR, Inc. (“HDR”) have signed or will sign a consulting agreement (the “HDR Agreement”) with respect to the technical work necessary to facilitate the Technical Review.

**3. AGREEMENT:**

NOW, THEREFORE, in consideration of the mutual covenants herein set forth and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**4. INCORPORATION OF RECITALS:**

The recitals listed above are hereby incorporated into and expressly made part of this Agreement.

**5. SCOPE:**

This Agreement sets terms and conditions for (1) the estimated costs the Parties expect to pay in support of the Technical Review of the SCIF, (2) how such costs will be shared among the Parties, (3) the process to remit payment, and (4) the process for voluntary departure, removal, and addition of Parties.

**6. EFFECTIVE DATE AND TERM OF AGREEMENT:**

- 6.1. This Agreement is effective upon the execution by SRP and another Party. The Agreement becomes effective for any Party that executes it thereafter upon the date of that Party's execution. The Agreement remains effective until terminated as provided in Subparagraphs 6.2 or 6.3.
- 6.2. This Agreement terminates upon the earlier of (i) ten (10) years from the date of execution of this Agreement by the last Party, or (ii) when both of the following have occurred: (1) the Technical Review is completed by Reclamation, and (2) when the last funds are transferred from the Cost-Share Partners to SRP as provided in Subparagraph 11.1.
- 6.3. This Agreement may terminate as provided in this Subparagraph 6.3 in the event that the Parties mutually agree to terminate this Agreement for convenience. In such event, this Agreement will terminate on the date agreed upon by the Parties under this Subparagraph 6.3. Any amounts owed by a Cost-Share Partner with respect to prior or ongoing Phases through the date of termination shall be paid by such partner(s) within forty-five (45) days of such termination.

**7. AUTHORIZED REPRESENTATIVES:**

Each Party has designated an "Authorized Representative" and an "Authorized Alternate" to administer this Agreement on behalf of the designating Party. The initial Authorized Representatives and Authorized Alternates are set forth in Exhibit C. Written notice of a change of an Authorized Representative or Authorized Alternate shall be provided within thirty (30) days of such change. The Authorized Alternate shall act only in the absence of the Authorized Representative. Neither the Authorized Representatives nor the Authorized Alternates shall have authority to amend, modify, or supplement this Agreement. Notwithstanding the foregoing, SRP shall have the right to update the Exhibits to this Agreement as specifically set forth in the Agreement. Decisions of the Authorized Representatives pursuant to this Agreement shall be in writing and signed by them.

**8. ESTIMATED COSTS:**

- 8.1. The Parties shall contribute funding towards the estimated costs of the Technical Review, including the expenses incurred pursuant to the SRP-Reclamation Advanced Funding Agreement and the HDR Agreement. The initial estimated cost for the Technical Review is \$[1,142,352], which includes a twenty percent (20%)

contingency (the "Cost-Share Estimate"). In the event the Cost Share Estimate increases above the contingency amount as project plans are developed, the Parties shall convene in accordance with Subparagraph 8.2 to determine how they wish to proceed.

- 8.2. The Parties shall convene as necessary as determined by SRP to discuss and assess issues related to estimated costs for funding the Technical Review. The Parties shall make determinations on issues including but not limited to the adjustment of the Cost-Share Estimate. Such meetings of the Parties shall, to the extent reasonably possible, include an option to participate virtually or by teleconference.
- 8.3. Each Party shall contribute an amount equal to its portion of the Cost Share Estimate (less twenty percent (20%) contingency amount) and remit payment as described in Paragraph 11. Each Parties' initial individual share of the Cost Share Estimate, and contingent share, for the Technical Review is summarized in Exhibit D.

## **9. VOTING AND DECISION MAKING:**

- 9.1. Each Cost-Share Partner will have an equal vote with respect to decisions that SRP brings to the Parties related to the Technical Review. The Parties commit to supporting the Technical Review to completion at the Cost Share Estimate identified in Exhibit D, as such may be adjusted by majority vote of the Parties.
- 9.2. Nothing contained in this Agreement shall be construed as creating any right to specific capacity in the SCIF if constructed. The final allocation of capacity shall be established by the mutual, good faith agreement of all Parties that participate in funding and construction of the SCIF and shall be based, in significant part, on each Parties' respective financial contribution levels as summarized in Exhibit D, as such may be updated pursuant to this Agreement.
- 9.3. SRP shall facilitate and chair all meetings of the Parties and decisions will be made by majority vote of the voting Parties, excluding SRP. In the event of an even split during a vote of the voting Parties, SRP shall act as the tie-breaking vote.

## **10. VOLUNTARY DEPARTURE; REMOVAL; AND ADDITION OF PARTIES**

- 10.1 A Party that no longer wishes to be a Party to this Agreement may leave by giving the other Parties at least sixty (60) days' prior written notice in accordance with

Paragraph 14 (“Voluntary Departure”). Parties that Voluntarily Depart this Agreement under this Subparagraph 10.1 shall not be refunded any previous financial contributions. Any Party that Voluntarily Departs this Agreement shall pay the remaining balance that would be due based on that Party’s portion of the Cost Share Estimate for the Technical Review, as such may have been adjusted by majority vote of the Parties. Upon the Voluntary Departure of a Party to this Agreement under this Subparagraph 10.1, SRP shall update Exhibits A, C, and D, accordingly.

10.2. The Parties may remove a Party from the Agreement if the Parties determine by majority vote that the Party is not acting in good faith or otherwise unnecessarily interfering with making progress towards completion of the SCIF or has not satisfied its obligations under this Agreement. Any Party that is removed from the Agreement under this Subparagraph 10.2 shall not be refunded any previous financial contributions. Upon removing a Party to this Agreement under this Subparagraph 10.2, SRP shall update Exhibits A, C, and D, accordingly.

10.3. The Parties, by majority vote, may add a Party to the Agreement upon written request from an entity to support the SCIF Technical Review. Prior to adding a Party to the Agreement, the Parties shall determine the individual share of the Cost Share Estimate of the entity to be added, provided that, the Parties will require any such joining party to contribute an amount no less than the share of all costs previously paid by the original Parties to this Agreement equal to the amount such joining party would have paid, on a proportional basis, had they been a party to this Agreement at its execution plus the full amount of any costs incurred solely as a result of such party joining the Agreement. If an entity that is not a Party to this Agreement seeks to join any subsequent cost-share agreement related to a future Phase, the Parties shall require any such party to pay, in addition to the share of costs set forth in the immediately preceding sentence, a risk premium of [twenty percent (20%)] of the share of costs set forth in the immediately preceding sentence. An example of the calculation of the amount to be paid by a joining party is attached as Exhibit E. Any amounts paid by a joining party, including any risk premium payments associated with joining a future cost share agreement, shall be credited toward the individual estimated cost share for each Cost-Share Partner that participated in the immediately prior Phase in an amount proportionate to the share contributed by each Cost Share Partner to such prior Phase. Upon adding a Party to this Agreement under this Subparagraph 10.3, SRP shall update Exhibits A, C, and D, accordingly.

## **11. PAYMENT:**



- 11.1. Following a Party's execution of this Agreement, SRP shall invoice that Party the Cost-Share in the amount identified in Exhibit D. The Cost-Share Partner shall pay such invoice within thirty (30) days after SRP sends such invoice. If the date for payment is prior to July 1, 2023, the Parties may make such payment, without being considered delinquent, on or before July 7, 2023. SRP shall remit portions of the payments made under this Subparagraph 11.1 to (1) Reclamation as contributions towards the nonfederal portion of costs for the SCIF Technical Review under the SRP-Reclamation Advance Funding Agreement and (2) HDR pursuant to the HDR Agreement.
- 11.2. Any invoices not paid when due shall be delinquent and shall bear interest at the Wall Street Journal Prime Rate, on the date the invoice was due plus 5% (Wall Street Journal Prime Rate plus 5%) per annum from the date when the bill was due until the bill is paid in full (including any accrued interest). In the event the Wall Street Journal no longer publishes the Wall Street Journal Prime Rate, the Authorized Representatives shall select an appropriate substitute.
- 11.3. In the event any portion of any bill is disputed, the disputed amount shall be paid under protest when due and shall be accompanied by a written statement indicating the basis for the protest. If the protest is found to be valid, the disputing Party shall be refunded any overpayment plus interest, accrued at the rate set forth in Subparagraph 11.2, prorated by days from the date payment was credited to the Party to the date the refund check is mailed.
- 11.4. In the event that this Agreement is terminated under Subparagraph 6.3, SRP shall refund the Cost-Share Partners any amount paid to SRP under Subparagraph 11.1 that will not be remitted to Reclamation, HDR or other consultants for services approved prior to termination of this Agreement.

**12. DISPUTE RESOLUTION; RECORDS INSPECTION; CHOICE OF LAW:**

- 12.1. Any dispute under this Agreement shall first be submitted to the Parties for resolution. The Parties shall make all reasonable efforts to resolve the dispute and may do so by majority vote. If the matter cannot be resolved by majority vote of the Parties, any Party may submit the matter to the SRP General Manager and the Party's chief operating officer. If the matter cannot be resolved by the SRP General Manager and the Party's chief operating officer, any Party may bring suit upon the matter, provided however, that it is expressly agreed that the venue shall only be in Maricopa County Superior Court or its successor court.

- 12.2. This Agreement shall be governed and construed in accordance with the laws of the State of Arizona and any applicable federal law.
- 12.3. In the event of any future dispute or action arising under this Agreement, the prevailing Party shall be entitled to recover its reasonable attorneys' fees and costs incurred therein, including expert witness fees.
- 12.4. Pending the resolution of a dispute, the Parties shall proceed, to the extent legally permissible, in a manner consistent with this Agreement, and shall make payments required in accordance with the applicable provisions of this Agreement. Amounts paid by a Party under this Subparagraph 12.4 during the pendency of such dispute shall be subject to refund and adjustment upon a final resolution of any dispute involving an amount due.

**13. UNCONTROLLABLE FORCES:**

No party shall be considered to be in default in the performance of any of its obligations hereunder if failure of performance is due to an uncontrollable force. The term "uncontrollable force" shall mean any cause beyond the control of the party affected, including but not limited to failure of facilities, flood, earthquake, tornado, storm, fire, lightning, epidemic, war, riot, civil disturbance or disobedience, labor dispute, and action or nonaction by or failure to obtain the necessary authorizations or approvals from any governmental agency or authority or the electorate, labor or material shortage, sabotage and restraint by Court order or public authority, which by exercise of due diligence and foresight such party could not reasonably have been expected to avoid and which by exercise of due diligence it shall be unable to overcome. Nothing herein shall be construed so as to require a Party to settle any strike or labor dispute in which it is involved. Either party rendered able to fulfill any obligation hereunder by reason of an uncontrollable force shall exercise due diligence to remove such inability.

**14. NOTICE; CHANGE OF NAME OR ADDRESS:**

- 14.1. All notices, requests, demands, and other communications under this Agreement shall be in writing and shall be deemed to have been received either when delivered or on the fifth business day following mailing, by registered or certified mail, postage prepaid, return receipt requested, whichever is earlier, or by electronic mail with read receipt requested addressed as set forth in Exhibit F.

14.2. Any Party may change the addressee or address to which communications or copies are to be sent by giving notice of such change under Subparagraph 14.1.

**15. SEVERABILITY:**

Should any part of this Agreement be declared, in a final decision by a court or tribunal of competent jurisdiction, to be unconstitutional, invalid, or beyond the authority of a Party to enter into or carry out, such decision shall not affect the validity of the remainder of this Agreement, which shall continue in full force and effect, provided that the remainder of this Agreement, absent the excised portion, can be reasonably interpreted to give effect to the intentions of the Parties.

**16. WAIVER:**

The failure of any Party to insist on any one or more instances upon strict performance of any of the obligations of the other pursuant to this Agreement or to take advantage of any of its rights hereunder shall not be construed as a waiver of the performance of any such obligation or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

**17. BINDING AGREEMENT:**

All of the provisions of this Agreement shall be binding upon, and inure to the benefit of, the Parties and their heirs, successors and assigns; provided, however, that no Party shall assign its rights and obligations under this Agreement to another entity without the written consent of the other Parties. Such consent to assignment shall not, however, be unreasonably withheld, conditioned, or delayed.

**18. NO THIRD-PARTY BENEFICIARIES:**

This Agreement is solely for the benefit of the Parties and does not create nor shall it be construed to create rights to any third party. No third party may enforce the terms and conditions of this Agreement.

**19. NO PARTNERSHIP AND NO JOINT VENTURE:**

Nothing contained in this Agreement shall be construed as creating a partnership or joint venture between the Parties hereto. The covenants, obligations, and liabilities contained in this Agreement are intended to be several and not joint or collective, and nothing contained herein shall be construed to create an association, joint venture, agency, trust, or partnership, or to impose a trust or partnership covenant, obligation, fiduciary duty, or

liability between the Parties. Each Party shall be individually responsible for its own covenants, obligations, and liabilities as provided herein.

**20. AUTHORITY:**

The undersigned representative of each Party certifies that he or she is fully authorized by the Party whom he or she represents to enter into the terms and conditions of this Agreement and to legally bind the Party to it.

**21. CONFLICT OF INTEREST:**

Pursuant to A.R.S. § 38-511, a Party who is a political subdivision of the State may cancel this Agreement, without penalty or further obligation, if any person significantly involved in initiating, negotiating, securing, drafting or creating this Agreement on behalf of a Party is, at any time while this Agreement is in effect, an employee of another Party in any capacity, or a consultant to another Party with respect to the subject matter of this Agreement. The cancellation shall be effective when written notice is received unless the notice specifies a later time.

**22. ENTIRE AGREEMENT; MODIFICATION; COUNTERPARTS:**

The terms, covenants and conditions of this Agreement constitute the entire Agreement between the Parties, and no understandings or obligations not herein expressly set forth shall be binding upon them. This Agreement may not be modified or amended in any manner unless in writing and signed by the Parties. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[signatures on the following pages]

IN WITNESS WHEREOF, this Agreement was executed by the Parties on the date first hereinabove written.

**SALT RIVER PROJECT AGRICULTURAL  
IMPROVEMENT AND POWER DISTRICT**

By: \_\_\_\_\_

Name: Leslie A. Meyers

Title: Associate General Manager  
Water Resources

APPROVED AS TO FORM

By: \_\_\_\_\_

Name: Patrick B. Sigl

Title: Supervising Attorney, Environment, Land  
& Water Rights

**CENTRAL ARIZONA WATER CONSERVATION  
DISTRICT**

By: \_\_\_\_\_  
Name: Brenda Burman  
Title: General Manager

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
Name: Jay Johnson  
Title: General Counsel

**CITY OF APACHE JUNCTION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CAREFREE WATER COMPANY**

By: \_\_\_\_\_  
Name: Greg Crossman  
Title: General Manager

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
Name: Michael Wright  
Title: Water Company Attorney



**CITY OF CHANDLER**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**ATTEST**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TOWN OF GILBERT**

By: \_\_\_\_\_

Name: Brigette Peterson

Title: Mayor

**APPROVED AS TO FORM**

By: \_\_\_\_\_

Name: Chris Payne

Title: Town Attorney

Attest

By:

Name: Chaveli Herrera

Title: Town Clerk

**CITY OF GLENDALE**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**APPROVED AS TO FORM**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CITY OF MESA**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED AS TO FORM**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY OF PEORIA**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**ATTEST**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED AS TO FORM**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY OF PHOENIX, ARIZONA,**  
a municipal corporation

ATTEST:

JEFFREY BARTON, City Manager

\_\_\_\_\_  
City Clerk, City of Phoenix

By: \_\_\_\_\_  
Troy Hayes  
Director, Water Services Department

APPROVED AS TO FORM:  
JULIE M. KRIEGH, City Attorney

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**TOWN OF QUEEN CREEK**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED AS TO FORM**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**CITY OF SCOTTSDALE**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**APPROVED AS TO FORM**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**AGREEMENT TO SHARE COSTS FOR THE SCIF  
AMONG COST-SHARE PARTNERS  
AND  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

**EXHIBIT A**

**COST-SHARE PARTNERS**

Central Arizona Water Conservation District
City of Apache Junction
Carefree Water Company
City of Chandler
City of Glendale
Town of Gilbert
City of Mesa
City Peoria
City of Phoenix
Town of Queen Creek
City of Scottsdale
Salt River Project Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District

**AGREEMENT TO SHARE COSTS FOR THE SCIF  
AMONG COST-SHARE PARTNERS  
AND  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

**EXHIBIT B**

**MEMORANDUM OF UNDERSTANDING**

**AGREEMENT TO SHARE COSTS FOR THE SCIF  
AMONG COST-SHARE PARTNERS  
AND  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

**EXHIBIT C**

**AUTHORIZED REPRESENTATIVES AND AUTHORIZED ALTERNATES**

**Authorized Representatives**

Central Arizona Water Conservation District	
City of Apache Junction	
Carefree Water Company	Greg Crossman, General Manager
City of Chandler	Simon Kjolsrud, Water Resources Manager
City of Glendale	
Town of Gilbert	
City of Mesa	
City Peoria	
City of Phoenix	
Town of Queen Creek	
City of Scottsdale	
Salt River Project Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District	

**Alternate Authorized Representatives**

Central Arizona Water Conservation District	
City of Apache Junction	
Carefree Water Company	Gary Neiss, Town Administrator
City of Chandler	John Knudson, Public Works and Utilities Director
City of Glendale	
Town of Gilbert	

City of Mesa	
City Peoria	
City of Phoenix	
Town of Queen Creek	
City of Scottsdale	
Salt River Project Valley Water Users' Association and Salt River Project Agricultural Improvement and Power District	

**AGREEMENT TO SHARE COSTS FOR THE SCIF  
AMONG COST-SHARE PARTNERS  
AND  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

**EXHIBIT D**

**COST-SHARE ESTIMATE FOR SCIF TECHNICAL REVIEW**

**Estimated Cost Allocation (for Technical Review Phase) Based on Initial Capacity Requests**

<b>Participant</b>	<b>AF/yr</b>	<b>CFS</b>	<b>% Share</b>	<b>\$ Share<sup>1</sup></b>	<b>\$ Share<sup>2</sup></b>	<b>\$ Share<sup>3</sup></b>
Apache Junction	9,050	25	6.1%	\$45,797	\$58,129	\$69,755
Carefree	1,086	3	0.7%	\$5,496	\$6,975	\$8,371
Chandler	7,240	20	4.9%	\$36,637	\$46,503	\$55,804
Gilbert	6,154	17	4.2%	\$31,142	\$39,528	\$47,433
Glendale	7,000	19	4.7%	\$35,425	\$44,964	\$53,956
Mesa	12,669	35	8.5%	\$64,116	\$81,381	\$97,657
Peoria	11,250	31	7.6%	\$56,932	\$72,263	\$86,716
Phoenix	18,099	50	12.2%	\$91,594	\$116,258	\$139,510
Queen Creek	1,086	3	0.7%	\$5,496	\$6,975	\$8,371
Scottsdale	2,172	6	1.5%	\$10,991	\$13,951	\$16,741
CAP	36,198	100	24.4%	\$183,187	\$232,516	\$279,019
SRP	36,198	100	24.4%	\$183,187	\$232,516	\$279,019
<b>Total</b>	<b>148,202</b>	<b>409</b>	<b>100.0%</b>	<b>\$750,000</b>	<b>\$951,960</b>	<b>\$1,142,352</b>
Per CFS				\$1,832	\$2,325	\$2,790

**Notes:**

<sup>1</sup> Initial estimates from Reclamation and HDR

<sup>2</sup> Updated estimates to include pre-NEPA coordination and geotech helicopter/contingency

<sup>3</sup> Updated estimates with 20% contingency applied per cost share agreement revisions

**AGREEMENT TO SHARE COSTS FOR THE SCIF  
AMONG COST-SHARE PARTNERS  
AND  
SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

**EXHIBIT E**

**EXAMPLE CALCULATION OF CONTRIBUTION OF LATE-JOINING PARTY**

**Risk Premium Scenario/Example Based on Estimated Cost Allocation**

<b>Participant</b>	<b>CFS<sup>1</sup></b>	<b>% Share<sup>2</sup></b>	<b>\$ Share</b>
Entity X	15	3.7%	\$27,478
Risk premium for late joining <sup>3</sup>			\$5,496
Total contribution for Entity X <sup>4</sup>			\$32,974

Participants to receive a credit from late contribution(s) based on their proportional share of phase cost. Credits will be applied during the next phase of the project.

**Notes:**

<sup>1</sup> Example capacity

<sup>2</sup> Proportional share for Entity X if they had been part of the total capacity

<sup>3</sup> 20% per cost share agreement

<sup>4</sup> Includes only costs incurred as part of Technical Review Phase

**AGREEMENT TO SHARE COSTS FOR THE SCIF  
 AMONG COST-SHARE PARTNERS  
 AND  
 SALT RIVER PROJECT AGRICULTURAL IMPROVEMENT AND POWER DISTRICT**

**EXHIBIT F**

**CONTACT LIST**

<b>Party</b>	<b>Contact</b>
Central Arizona Water Conservation District	<p><u>Copy to:</u></p>
City of Apache Junction	<p>City of Apache Junction            c/o Michael Loggins            300 E. Superstition Blvd.            Apache Junction, AZ 85119</p> <p><u>Copy to:</u></p> <p>Bryant Powell            300 E. Superstition Blvd.            Apache Junction, AZ 85119</p>
Carefree Water Company	<p>Greg Crossman, General Manager            Carefree Water Company            PO Box 702            Carefree, Arizona 85377</p> <p><u>Copy to:</u></p> <p><u>Gary Neiss, Town Administrator</u>            Town of Carefree            PO Box 740            Carefree, Arizona 85377</p>

Party	Contact
City of Chandler	<p>John Knudson, Director, Public Works &amp; Utilities  City of Chandler  P.O. Box 4008, MS 403  Chandler, AZ 85244-4008</p> <p><b><u>Copy to:</u></b></p> <p>Kelly Schwab, City Attorney  City of Chandler  P.O. Box 4008, MS 602  Chandler, AZ 85244-4008</p>
Town of Gilbert	<p>Lauren Hixson, Water Resources Manager  Town of Gilbert  50 East Civic Center Drive  Gilbert, Arizona 85296</p> <p><b><u>Copy to:</u></b></p> <p>Chris Payne, Town Attorney  Town of Gilbert  50 East Civic Center Drive  Gilbert, Arizona 85296</p>
City of Glendale	<p>City of Glendale  c/o City Clerk-Julie K. Bower  5850 W. Glendale Ave.  Glendale, AZ 85301</p> <p><b><u>Copy to:</u></b></p> <p>City of Glendale  Drew Swieczkowski  7070 W. Northern Ave.  Glendale, AZ 85303</p>
City of Mesa	<p>City of Mesa  c/o City Manager's Office  P.O. Box 1466  Mesa, Arizona 85211-1466</p> <p><b><u>Copy to:</u></b></p> <p>Brian Draper  Water Resources Advisor City of Mesa</p>



Party	Contact
	P.O. Box 1466 Mesa, Arizona 85211-1466
City of Peoria	<b><u>Copy to:</u></b>
City of Phoenix	Water Resources Management Advisor City Manager's Office City of Phoenix 200 West Washington Street, 12th Floor Phoenix, Arizona 85003-1611 <b><u>Copy to:</u></b>  City Attorney City of Phoenix 200 West Washington Street, 13th Floor Phoenix, Arizona 85003-1611
Town of Queen Creek	Town of Queen Creek Paul Gardner, Water Resources Director  <b><u>Copy to:</u></b>
Salt River Project Agricultural Improvement and Power District	Salt River Project c/o Corporate Secretary P.O. Box 52025 Phoenix, AZ 85072-2205  <b><u>Copy to:</u></b>  Christa McJunkin Director Water Strategy Salt River Project P.O. Box 52025 Phoenix, AZ 85072-2205
City of Scottsdale	City of Scottsdale – Scottsdale Water c/o Executive Director 9312 N. 94 <sup>th</sup> Street

<b>Party</b>	<b>Contact</b>
	Scottsdale, AZ 85258  <b>Copy to:</b> City of Scottsdale – City Attorney 3939 N. Drinkwater Blvd. Scottsdale, AZ 85251