

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

WHEN: TUESDAY, JUNE 4, 2019

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

TIME: 4:00 P.M.

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

The agenda for the meeting is as follows:

CALL TO ORDER

SILENT ROLL CALL

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

AGENDA

ITEM #1 Approval of the November 13, 2018 UCFD/CWC meeting minutes.

ITEM #2 Ratification of the January 15, 2019 Joint UCFD/Carefree Water Company/Town Council Special Meeting Minutes approved by the Town Council on February 5, 2019.

ITEM #3 Review, discussion and possible action regarding approval of the FY 2019-2020 Carefree Water Company Budget and Rate Schedule.

ITEM #4 Review, discussion and possible action regarding Resolution 2019-04, authorizing the Chairman of the Board of Directors to execute the "AZWARN Mutual Aid Agreement (AZWARN MAA) Among Members of the Arizona Water and Wastewater Agency Response Network".

ITEM #5 Adjournment

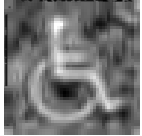
DATED this 30th day of May, 2019.

Utilities Community Facilities District/ Carefree Water Company



Kandace French Contreras, Secretary

Items may be taken out of order.



FOR SPECIAL ACCOMMODATIONS

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

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

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WHEN: TUESDAY, NOVEMBER 13, 2018

WHERE: CAREFREE TOWN COUNCIL CENTER
33 EASY STREET, CAREFREE, AZ.

TIME: 4:30 P.M.

Attending were:

Chairman Les Peterson

Absent:

Stephen Hatcher

Board Members:

John Crane
Vince D'Aliesio
Michael Krahe
Cheryl Kroyer
Gene Orrico

Also Attending:

Greg Crossman, Manager; Michael Wright, Attorney; Kandace French Contreras, Board Secretary/Treasurer

Chairman Peterson opened the meeting at 4:32 p.m.

AGENDA

ITEM #1 Approval of the August 7, 2018 UCFD/CWC meeting minutes.

Chairman Peterson read the agenda item and asked if there were any questions or changes to the minutes. There were none.

Board Member Crane made a **motion** to accept the Minutes as presented. There was a **second** by Board Member Krahe. It **carried** unanimously.

**ITEM #2 Discussion and possible action regarding 2017-2018 Fiscal Year audit.
*A representative from the firm of HintonBurdick, PLLC will attend telephonically.***

Chairman Peterson announced the agenda item and introduced Greg Crossman.

Mr. Crossman presented the audit performed by HintonBurdick. He detailed the goals of the audit to assure that the Water Company's financial statements are free from material misstatements, to verify that the Water Company staff are observing good accounting principles and practices, to

confirm compliance with the Governmental Accounting Standards Board, to guard against fraud and misuse of funds, and to provide transparency.

Mr. Crossman presented that the audit results indicated there were no financial misstatements, the accounting practices and principles are in order, and that the Water Company can cover all of its liabilities while still growing its reserves. The Carefree Water Company and the Carefree Utilities Community Facilities District are both in good financial health.

Mr. Crossman then gave an overview of the Water Company's debt service and reminded the Board of the recent payoff in July 2018 of the bond holders for the original purchase of the Water Company. He outlined the payments that will be made to the Town and the financial stability of the Water Company. He then introduced Crimson Singleton, who appeared telephonically from the auditing firm of HintonBurdick, PLLC.

Ms. Singleton reiterated the excellent audit findings described by Mr. Crossman and expressed the ease of working with the Water Company staff.

There were no questions from the Board.

Board Member Kroyer made a **motion** to approve and accept the 2017-2018 Fiscal Year audit. There was a **second** by Board Member Krahe. The **motion carried** unanimously.

ITEM #3 Adjournment

Chairman Peterson announced the agenda item and asked for a motion to adjourn.

Board Member Kroyer made a **motion** to adjourn. There was a **second** by Board Member Krahe. It **carried** unanimously.

The meeting adjourned at 4:44 p.m.

DATED this 14th day of November, 2018.

UCFD/CWC

Kandace French Contreras, Secretary/Treasurer

BOARD OF DIRECTORS

Les Peterson, President

Attest:

Kandace French Contreras, Secretary/Treasurer
CERTIFICATION

I certify that the foregoing minutes are a true and correct copy of the minutes of the meeting of the Carefree Water Company/Utilities Community Facilities District Board of Directors held on November 13, 2018. I further certify that the meeting was duly called and held and that a quorum was present.

Kandace French Contreras, Secretary/Treasurer

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

WHEN: TUESDAY, JANUARY 15, 2019

WHERE: CAREFREE TOWN COUNCIL CENTER - 33 EASY ST., CAREFREE, AZ.

TIME: 5:00 P.M.

Attending:

Mayor Les Peterson
Vice Mayor John Crane
Vince D'Aliesio
Stephen Hatcher
Michael Krahe
Cheryl Kroyer

Absent:

Gene Orrico

Also Attending:

Gary Neiss, Town Administrator; Greg Crossman, Manager, Carefree Water Company; Michael Wright, Town Attorney; Kandace French, Town Clerk/Treasurer and Board Secretary/Treasurer.

(It is noted that all representations of Mayor Peterson and/or members of the Carefree Town Council were done on behalf of the Town of Carefree as well as on behalf the Board of Directors of the Carefree Utilities Community Facilities District.)

Mayor Peterson opened the meeting at 5:00 p.m.

The Pledge of Allegiance was led by Arthur Gimson

REGULAR AGENDA:

ITEM #1 Review, discussion and possible action to approve Resolution #2019-02 to take action to acquire the Carefree Service Area System as prescribed in the Intergovernmental Agreement relating to Water Utility Service between the Town of Cave Creek and the Town of Carefree, the Carefree Utility Community Facility District and the Carefree Water Company.

Mayor Peterson announced the agenda item and explained the purpose of the agenda item and provided the background history of water services in Carefree and Cave Creek, the importance of water service and the related Intergovernmental Agreement between the Towns of Carefree and Cave Creek for the Town of Cave Creek water service in the Carefree area.

Arthur Gimson, Canyon Creek Circle appeared and spoke in support of the Resolution.

Mayor Peterson read Resolution 2019-02 and asked for a motion.

Vice Mayor Crane made a **motion** to approve Resolution 2019-02 as presented. There was a **second** by Council Member Krahe. The motion was **carried** unanimously.

ITEM #2 Review discussion and possible action to approve Resolution #2019-03 to enter into a cooperative purchase agreement with the Strategic Alliance for Volume Expenditures which permits public entities within the State of Arizona to receive professional services which comply with procurement procedures and meet the most competitive, efficient pricing.
Approved.

Mayor Peterson announced the agenda item and explained the purpose of the organization SAVE, an acronym for the Strategic Alliance for Volume Expenditures. He explained that there are numerous cooperative purchasing agreements throughout the state for competitive pricing and to eliminate duplicative efforts. There are 78 of the 91 municipalities and government organizations, 14 Arizona counties and over 200 school districts involved. The SAVE Agreement allows the Town of Carefree to join SAVE and take advantage of the efficiencies already negotiated by other members.

Council Member D'Aliesio made a **motion** to approve Resolution 2019-03 as presented. There was a **second** by Vice Mayor Crane. The motion was **carried** unanimously.

ITEM #3 Adjournment.

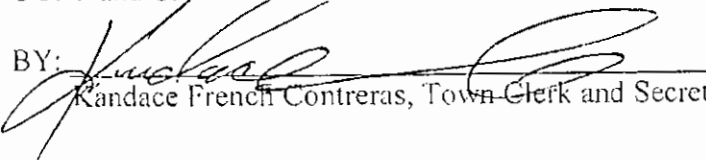
Mayor Peterson announced the agenda item.

Council Member Krahe made a **motion** to adjourn. There was a **second** by Vice Mayor Crane. The motion was **carried** unanimously.

Meeting ended at 5:18 p.m.

DATED this 16th day of January, 2019.

TOWN OF CAREFREE
UCFD and CAREFREE WATER COMPANY

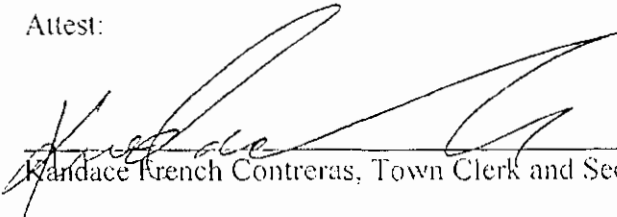
BY: 
Kandace French Contreras, Town Clerk and Secretary/Treasurer

TOWN OF CAREFREE
UCFD and CAREFREE WATER COMPANY



Les Peterson, Mayor and Chairman

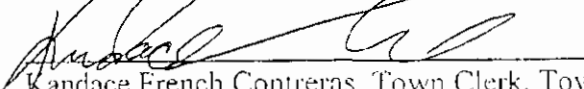
Attest:



Kandace French Contreras, Town Clerk and Secretary/Treasurer

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the meeting of the Town of Carefree Town Council, the Board of Directors of the Town of Carefree Utilities Community Facilities District, and the Board of Directors of the Carefree Water Company held January 15, 2019. I further certify that the meeting was duly called and held and that a quorum was present.



Kandace French Contreras, Town Clerk, Town of Carefree
Board Secretary/Treasurer, UCFD and Carefree Water Company

JUN 4 2019

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

TO: PRESIDENT AND BOARD MEMBERS

FROM: MEGHAN OREM, CONTROLLER

THROUGH: GREG CROSSMAN, GENERAL MANAGER *GC*

DATE: MAY 28, 2019

SUBJECT: FY 19-20 WATER COMPANY BUDGET AND RATE SCHEDULE

Attached for your review prior to the June 4, 2019, Board meeting are proposed budget and water rate documents for FY 19-20. The Water Company's fiscal year coincides with the Town's and runs from July 1, 2019, through June 30, 2020.

Proposed for FY 19-20 is a water rate increase of 4.4%. This increase applies to both the monthly base fee and the commodity rates and results in an increase in the average residential customer's water bill of \$4.33 per month. This figure is based on an average residential water use of 11,500 gallons per month.

The Water Company's budget is developed as a balanced budget, with revenues matching expenses. Anticipated revenues for FY 19-20 are \$2.9 million.

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

- APS Power – 4% increase
- CAP Water (Untreated) – 2% increase
- Scottsdale Water (Treated) – 3% increase
- Cave Creek Water (Treated) – unchanged
- General and Administrative Costs – 3% increase
- Replacement and Maintenance Costs – 21% increase
- Capital Improvement Program – 117% increase

BUDGET DETAIL

Included in this packet are the following FY 19-20 documents:

- Water Rates Summary and Spreadsheets (pages 2-5)
- Profit and Loss Summary and Spreadsheet (pages 6-7)
- Cost of Water Summary and Spreadsheet (pages 8-9)
- General and Administrative Budget Summary and Spreadsheet (pages 10-14)
- Replacement and Maintenance Budget Summary and Spreadsheet (pages 15-17)
- Reserve Recommendations (page 18)
- Capital Improvement Program Recommendations and Spreadsheets (pages 19-23)

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

Water Rates Summary Carefree Water Company – FY 19-20

- 4.4% Overall Water Rate Increase – Base Fee and Commodity Rates
- Average Monthly Bill Increase (Residential): \$4.33
- Current Average Monthly Residential Bill: \$98.26 – Proposed Average Monthly Residential Bill: \$102.59
- Average Residential Monthly Water Use: 11,500 gallons

- Current Residential Base Fee: \$44.32 – Proposed Residential Base Fee: \$46.25 – Up \$1.95
- 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)

- Rate Increase Breakdown
 - 4.0% To Cover Increases in Costs – Large Portion Earmarked for CIP Projects
 - 0.4% Earmarked for Equipment Cost Sharing with Town

**Carefree Water Company
FY19-20 Rate Sheet @ 4.4% Base and Commodity Increase**

WR1 & WR4

	Gallons	Base Rate			Commodity Charge			Subtotal Before Taxes			Taxes			Total With Taxes			Overall % Difference
		Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	Current	New	Difference	
Tier 1 - \$3.74 (Curr - \$3.58)	1,000	44.32	46.27	1.95	3.58	3.74	0.16	47.90	50.01	2.11	4.46	4.66	0.20	52.36	54.67	2.31	4.4%
	2,000	44.32	46.27	1.95	7.16	7.48	0.32	51.48	53.75	2.27	4.80	5.01	0.21	56.28	58.76	2.48	4.4%
	4,000	44.32	46.27	1.95	14.32	14.96	0.64	58.64	61.23	2.59	5.48	5.72	0.24	64.12	66.95	2.83	4.4%
	6,000	44.32	46.27	1.95	21.48	22.44	0.96	65.8	68.71	2.91	6.16	6.43	0.27	71.96	75.14	3.18	4.4%
	8,000	44.32	46.27	1.95	28.64	29.92	1.28	72.96	76.19	3.23	6.84	7.14	0.30	79.80	83.33	3.53	4.4%
Tier 2 - \$5.03 (Curr - \$4.82)	9,000	44.32	46.27	1.95	33.46	34.95	1.49	77.78	81.22	3.44	7.29	7.61	0.32	85.07	88.83	3.76	4.4%
	11,500	44.32	46.27	1.95	45.51	47.53	2.02	89.83	93.80	3.97	8.43	8.80	0.37	98.26	102.59	4.33	4.4%
	14,000	44.32	46.27	1.95	57.56	60.10	2.54	101.88	106.37	4.49	9.57	9.98	0.42	111.45	116.35	4.91	4.4%
	16,000	44.32	46.27	1.95	67.20	70.16	2.96	111.52	116.43	4.91	10.48	10.93	0.46	122.00	127.36	5.37	4.4%
	18,000	44.32	46.27	1.95	76.84	80.22	3.38	121.16	126.49	5.33	11.38	11.88	0.50	132.54	138.37	5.83	4.4%
	20,000	44.32	46.27	1.95	86.48	90.28	3.80	130.8	136.55	5.75	12.29	12.83	0.53	143.09	149.38	6.28	4.4%
Tier 3 - \$6.61 (Curr - \$6.33)	22,000	44.32	46.27	1.95	99.14	103.50	4.36	143.46	149.77	6.31	13.48	14.07	0.59	156.94	163.84	6.90	4.4%
	24,000	44.32	46.27	1.95	111.80	116.72	4.92	156.12	162.99	6.87	14.68	15.31	0.64	170.80	178.30	7.51	4.4%
	26,000	44.32	46.27	1.95	124.46	129.94	5.48	168.78	176.21	7.43	15.87	16.56	0.69	184.65	192.77	8.12	4.4%
	28,000	44.32	46.27	1.95	137.12	143.16	6.04	181.44	189.43	7.99	17.06	17.80	0.74	198.50	207.23	8.73	4.4%
	30,000	44.32	46.27	1.95	149.78	156.38	6.60	194.1	202.65	8.55	18.25	19.04	0.80	212.35	221.69	9.35	4.4%
Tier 4 - \$8.54 (Curr - \$8.11)	32,000	44.32	46.27	1.95	166.14	173.46	7.32	210.46	219.73	9.27	19.78	20.64	0.86	230.24	240.37	10.13	4.4%
	35,000	44.32	46.27	1.95	190.68	199.08	8.40	235	245.35	10.35	22.08	23.05	0.96	257.08	268.40	11.31	4.4%
	40,000	44.32	46.27	1.95	231.58	241.78	10.20	275.9	288.05	12.15	25.92	27.05	1.13	301.82	315.10	13.28	4.4%
	45,000	44.32	46.27	1.95	272.48	284.48	12.00	316.8	330.75	13.95	29.75	31.05	1.30	346.55	361.80	15.25	4.4%
	50,000	44.32	46.27	1.95	313.38	327.18	13.80	357.7	373.45	15.75	33.59	35.06	1.46	391.29	408.51	17.21	4.4%
Tier 5 - \$11.10 (Curr - \$10.63)	55,000	44.32	46.27	1.95	366.53	382.68	16.15	410.85	428.95	18.10	38.57	40.25	1.68	449.42	469.20	19.78	4.4%
	60,000	44.32	46.27	1.95	419.68	438.18	18.50	464	484.45	20.45	43.54	45.44	1.90	507.54	529.89	22.35	4.4%
	65,000	44.32	46.27	1.95	472.83	493.68	20.85	517.15	539.95	22.80	48.52	50.64	2.12	565.67	590.59	24.92	4.4%
	70,000	44.32	46.27	1.95	525.98	549.18	23.20	570.3	595.45	25.15	53.49	55.83	2.34	623.79	651.28	27.49	4.4%
	80,000	44.32	46.27	1.95	632.28	660.18	27.90	676.6	706.45	29.85	63.44	66.22	2.78	740.04	772.67	32.63	4.4%
	90,000	44.32	46.27	1.95	738.58	771.18	32.60	782.90	817.45	34.55	73.39	76.61	3.21	856.29	894.06	37.76	4.4%
	100,000	44.32	46.27	1.95	844.88	882.18	37.30	889.20	928.45	39.25	83.35	87.00	3.65	972.55	1,015.45	42.90	4.4%

 Average Residential Usage

CAREFREE WATER COMPANY RATE SCHEDULE
Effective July 1, 2019
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)			
RESIDENTIAL METERS																
Residential	5/8 x 3/4 Inch	WR1	\$ 46.27	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over			
Residential	1 inch	WR4	\$ 46.27	0	8,000	8,001	20,000	20,001	30,000	30,001	50,000	50,001	and over			
COMMERCIAL METERS																
Commercial	1 inch	WR5	\$ 83.30	0	8,000	8,001	16,000	16,001	32,000	32,001	64,000	64,001	and over			
Commercial	1-1/2 inch	WR6	\$ 206.75	0	11,000	11,001	16,000	16,001	35,000	35,001	70,000	70,001	and over			
Commercial	2 inch	WC8	\$ 495.60	0	20,000	20,001	40,000	40,001	80,000	80,001	160,000	160,001	and over			
Commercial	3 inch	WC9	\$ 660.61	0	100,000	100,001	200,000	200,001	400,000	400,001	600,000	600,001	and over			
MASTER METERS																
Master Meter 1		MM1 - 8	\$ 351.67	0	30,000	30,001	40,000	40,001	60,000	60,001	80,000	80,001	and over			
Master Meter 2		MM2 - 4	\$ 175.84	0	30,000	30,001	50,000	50,001	70,000	70,001	90,000	90,001	and over			
Master Meter 3		MM3 - 8	\$ 351.67	0	40,000	40,001	80,000	80,001	100,000	100,001	150,000	150,001	and over			
Master Meter 4		MM4 - 6	\$ 263.76	0	50,000	50,001	100,000	100,001	190,000	190,001	250,000	250,001	and over			
Master Meter 5		MM5 - 12	\$ 538.46	0	30,000	30,001	50,000	50,001	80,000	80,001	100,000	100,001	and over			
Master Meter 6		MM6 - 38	\$ 1,670.42	0	170,000	170,001	270,000	270,001	300,000	300,001	350,000	350,001	and over			
Master Meter 7		MM7 - 18	\$ 791.27	0	80,000	80,001	100,000	100,001	120,000	120,001	150,000	150,001	and over			
Master Meter 8		MM8 - 11	\$ 483.54	0	90,000	90,001	150,000	150,001	200,000	200,001	250,000	250,001	and over			
Master Meter 9		MM9 - 10	\$ 439.59	0	75,000	75,001	105,000	105,001	135,000	135,001	165,000	165,001	and over			
Master Meter 10		MM10 - 11	\$ 483.54	0	60,000	60,001	120,000	120,001	190,000	190,001	220,000	220,001	and over			
STAND PIPE																
Stand Pipe		CWH		\$6.62 per 1000 gallons - Minimum Billing \$5.00 - Additional Keys \$10.00												
FIRE HYDRANT METER																
Fire Hydrant		FHY	\$ 145.44	\$6.62 per 1000 gallons after the first 20,000 gallons												

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

NEW ACCOUNT SETUP FEES	
Residential and Commercial	\$50.00
Landlord (Transfer to Info on File)	\$10.00
Fire Hydrant	\$100.00

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

REFUNDABLE DEPOSITS	
Residential	\$200.00
Commercial	3X Average Water Bill
Stand Pipe	\$50.00
Fire Hydr. Meter	\$900.00

NEW CONSTRUCTION CHARGES AND FEES			
Meter and Service Size	Service Connection Charge	Water Capacity Fee ¹	Total
1" Meter and Service	\$3,080.00	\$3,639.00	\$6,719.00
1" Meter Only-New Subdivision	\$965.00	\$3,639.00	\$4,604.00
1-1/2" Meter and Service	\$4,275.00	\$6,595.00	\$10,870.00
2" Meter and Service	\$6,480.00	\$10,244.00	\$16,724.00
3" Compound Meter	\$20,175.00	\$20,806.00	\$40,981.00
4" Compound Meter	\$25,000.00	\$31,880.00	\$56,880.00
1" Meter & Serv. Upgrade (from 3/4")	\$2,515.00	-	\$2,515.00
1" Meter Only Upgrade (from 3/4")	\$400.00	-	\$400.00

¹Distribution, Storage, and Pumping Capacity

PAYMENT AND BILLING FEES	
Credit Card Convenience Fee (per transaction)	
Monthly Billings & Other Charges Under \$500	\$3.50
Other Charges Over \$500	3% of Amount
Late Payment or Delinquent Charge (per month)	\$7.00
Foreign Currency Transaction	\$5.00
Foreign Mailing Fee	\$2.00
Insufficient Funds or Returned Check Fee	Bank Charge Amt
Interest on Outstanding Balance	1.5% per month

MISCELLANEOUS SERVICES AND FEES	
Data Log Fee - Beginning With Second Data Log	\$30.00
Meter Re-Read (Customer Request)	\$25.00
Account Re-Establishment Fee	\$125.00
Change-Out or Moving Meter	At Water Co. Cost
Third Party Meter Test (Customer Request)	At Water Co. Cost
Emergency Call Out	
(If Water Company is Not Responsible for Problem)	\$80.00
Unauthorized Meter Turn-On - Residential	\$150.00
Unauthorized Meter Turn-On - Commercial	\$250.00
Unauthorized Fire Hydrant Use - Per Use	\$300.00

SAMPLE RESIDENTIAL WATER BILL CALCULATION ²			
1 inch Residential Meter (WR4 Classification)	@	24,000 gallons	
Tier 1:	8,000 gallons	=	\$ 29.92
Tier 2:	12,000 gallons	=	\$ 60.36
Tier 3:	4,000 gallons	=	\$ 26.44
Tier 4:	0 gallons	=	\$ -
Tier 5:	0 gallons	=	\$ -
Month Total:	24,000 gallons	=	Base Fee \$ 46.27
			Total (Does not include taxes) \$ 162.99

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

Profit and Loss Summary
Carefree Water Company – FY 19-20

- “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:
 - WIFA Loan Repayment
 - ~~Bond Debt Repayment (original Water Company purchase)~~ – Retired on 7/1/18
 - Town of Carefree Repayment ←
 - Water Company Building Rent
 - Reserve Deposits
 - Capital Improvement Projects
- Bottom Line: Revenue stream must cover all cash uses (cash flow/expenditures)

**Carefree Water Company
PROFIT AND LOSS
2019-2020 Budget**

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March	April	May	June	Total
Revenues %	9.9%	9.7%	9.3%	8.7%	8.1%	7.4%	6.8%	6.6%	7.6%	7.7%	8.5%	9.7%	100%
Water Sales	280,431	280,209	259,107	249,795	232,861	202,600	194,861	188,390	209,341	221,321	243,935	269,977	2,832,827
New Meter & Service Fees	3,743		3,743			3,743			3,743			3,743	18,715
DFGC Electrical Fees			5,328			5,328			5,328			5,328	21,312
Cell Tower Rental Fees (net)	1,737	1,737	1,737	1,737	1,737	1,737	1,737	1,737	1,737	1,737	1,737	1,737	20,844
Other Revenues	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	24,000
Total Revenues	287,911	283,946	271,915	253,532	236,598	215,408	198,598	192,127	222,149	225,058	247,672	282,785	2,917,698
Cost of Water													
Scottsdale CAP	57,464	57,038	50,569	47,263	44,372	32,675	29,465	27,933	37,076	39,824	47,168	55,680	526,527
Cave Creek CAP	9,963	9,963	9,963	9,963	9,963	9,963	9,963	9,963	9,963	9,963	9,963	9,963	119,556
Ground Water Pumped	12,695	10,648	9,924	9,555	9,087	7,817	9,469	7,303	8,295	8,594	9,391	10,315	113,093
Central Ariz Project	15,968	15,896	14,802	14,243	13,536	11,615	13,760	18,518	14,963	15,397	16,557	17,902	183,157
Total Water Costs	96,090	93,545	85,258	81,024	76,958	62,070	62,657	63,717	70,297	73,778	83,079	93,860	942,333
General and Administrative	71,362	87,414	69,437	68,246	66,270	66,270	68,194	66,270	84,251	68,203	66,274	66,273	848,464
Maintenance	39,914	9,614	9,614	9,614	9,615	9,615	9,615	9,615	9,918	9,618	9,619	9,719	146,090
Depreciation	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	41,000	492,000
Total Other Costs	152,276	138,028	120,051	118,860	116,885	116,885	118,809	116,885	135,169	118,821	116,893	115,992	1,486,554
REVENUES LESS COSTS	39,545	52,373	66,606	53,648	42,755	36,453	17,132	11,525	16,683	32,459	47,700	71,933	488,811

CASH FLOW

Cash Flow		Cash Uses		Capital Projects	
Net Gain	488,811	Reserves	20,000	Fire Protection	15,000
Depreciation	492,000	Capital Advance	414,340	System Automation & Tech.	-
Equipment Loss W/O	12,000	WIFA Payment	244,764	System Improvements	229,307
		UCFD Rent	32,250	Capital Equipment	36,850
		Total Operating Uses	711,354	Capital Reserves	-
Total Available	992,811	Cash Available	281,457	Total Capital Uses	281,157
				Cash Utilized	281,157

Cost of Water Summary Carefree Water Company – FY 19-20

- Water use is based on a 3-year average (previously used 5-year average)
- The cost of water is the Water Company's single largest expense at \$942,336
- Water costs are increasing about \$29,000 this FY due to the following:
 - Increase water purchase (reflective of using 3-year average)
 - 2% Increase in CAP Costs
 - 3% Increase in Scottsdale Costs
 - 4% Increase in APS Costs
- Continued Focus on Utilizing Renewable CAP Supply (Saving GW for Emergencies)
 - 65% CAP Water
 - 35% Groundwater
- Assumed CAP water source split:
 - 80% Scottsdale @ \$3.10 /1000 gallons
 - 20% Cave Creek @ \$2.73/1000 gallons

**Carefree Water Company
Estimated Water Costs
Fiscal Year 2019-20**

May 2019

	325.851	Acre-Feet												Total	
		July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June		
Water Sold FY18-19 (18 Only)		102.9	96.1	87.9	73.2	69.6	55.7								485.4
Water Sold FY17-18		88.2	97.7	85.7	93.5	78.0	65.4	67.0	57.0	66.1	73.5	89.3	89.9	951.3	
Water Sold FY16-17		97.5	93.0	85.8	78.7	80.1	58.5	51.0	50.7	59.9	65.5	83.0	87.5	892.3	
Water Sold FY15-16 (16 Only)								48.4	52.4	71.7	69.0	66.9	96.7	405.1	
3-yr Average Water Sold (Use for 19-20)	A.F.	96.2	95.6	86.5	81.8	75.9	59.9	55.5	53.4	65.9	69.7	79.7	91.4	911.4	
3-yr Average Water Sold (Use for 19-20)	'000 Gal.	31,347	31,151	28,175	26,555	24,732	19,508	18,074	17,390	21,474	22,701	25,981	29,783	296,970	
Percent of Annual Usage (Use for 19-20)		10.6%	10.5%	9.5%	9.0%	8.3%	6.6%	6.1%	5.9%	7.2%	7.6%	8.7%	10.0%	100.0%	
Water Supplied (Sold/0.9) (Use for 19-20)		106.9	106.2	96.1	90.9	84.3	66.5	61.6	59.3	73.2	77.4	88.6	101.6	1012.6	
Ground Water A.F. (35%)		37.4	37.2	33.6	31.8	29.5	23.3	21.6	20.8	25.6	27.1	31.0	35.5	354.4	
CAP Water A.F. (65%)		69.5	69.0	62.4	59.1	54.8	43.2	40.1	38.5	47.6	50.3	57.6	66.0	658.2	
CAP Water A.F. +5%		3.5	3.5	3.1	3.0	2.7	2.2	2.0	1.9	2.4	2.5	2.9	3.3	32.9	
CAVE CREEK WATER	20% of CAP Water														
Acre-Feet		11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	134.4	
1,000's Gallons		3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	3,650	43,794	
Cost @\$2.73/1,000 Gal.	Total Cost	\$2.73	\$9,963	\$9,963	\$9,963	\$9,963	\$9,963	\$9,963	\$9,963	\$9,963	\$9,963	\$9,963	\$9,963	\$119,559	
SCOTTSDALE WATER	80% of CAP Water														
Acre-Feet		58.3	57.8	51.2	47.9	43.6	32.0	28.9	27.3	36.4	39.1	46.4	54.8	523.8	
1,000's Gallons		18,990	18,849	16,699	15,601	14,213	10,439	9,404	8,910	11,859	12,746	15,115	17,860	170,684	
Cost @\$3.01/1,000 Gal.*	\$3.01	\$3.10	\$57,160	\$56,734	\$50,265	\$46,959	\$44,059	\$32,362	\$29,152	\$27,620	\$36,763	\$39,511	\$46,855	\$522,807	
Meter Fee			\$304.00	\$304.00	\$304.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$313.00	\$3,720	
* \$3.10/1,000 Gal. After Oct. 2019	Total Cost		\$57,464	\$57,038	\$50,569	\$47,263	\$44,372	\$32,675	\$29,465	\$27,933	\$37,076	\$39,824	\$47,168	\$526,527	
POTABLE GROUNDWATER															
Pumped Groundwater (A.F. - From Above)		37.4	37.2	33.6	31.8	29.5	23.3	21.6	20.8	25.6	27.1	31.0	35.5	354.4	
Pumped Groundwater ('000 gallons)		12,190	12,114	10,957	10,366	9,618	7,586	7,029	6,763	8,351	8,828	10,104	11,582	115,488	
Cost @\$0.625/1,000 Gal. (4% Increase)	\$0.625	\$7,619	\$7,572	\$6,848	\$6,479	\$6,011	\$4,741	\$4,393	\$4,227	\$5,219	\$5,518	\$6,315	\$7,239	\$72,180	
Groundwater Withdrawal Fee (ADWR)								\$2,000						\$2,000	
Chemicals and Testing		\$3,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$1,300	\$17,600	
Total Cost		\$10,919	\$8,872	\$8,148	\$7,779	\$7,311	\$6,041	\$7,693	\$5,527	\$6,519	\$6,818	\$7,615	\$8,539	\$91,780	
GOLF COURSE GROUNDWATER															
A.F. Pumped (2018)														214.8	
(2017)														225.8	
(2016)														219.4	
(3-yr Ave.)														220.0	
Electrical Cost	kWh/AF \$/kWh (From Desert Forest Agreement)	745.22	0.13	\$1,776.11	\$1,776.11	\$1,776.11	\$1,776.11	\$1,776.11	\$1,776.11	\$1,776.11	\$1,776.11	\$1,776.11	\$1,776.11	\$1,776.11	\$21,313
CAP COSTS	2019 2020														
Capital Cost	\$41 \$68	\$4,442	\$4,442	\$4,442	\$4,442	\$4,442	\$4,442	\$7,367	\$7,367	\$7,367	\$7,367	\$7,367	\$7,367	\$70,850	
MBI Cost	\$158 \$152	\$11,526	\$11,454	\$10,360	\$9,801	\$9,094	\$7,173	\$6,393	\$6,151	\$7,596	\$8,030	\$9,191	\$10,535	\$107,306	
CAP Contingency									\$5,000					\$5,000	
Total Cost		\$15,968	\$15,896	\$14,802	\$14,243	\$13,536	\$11,615	\$13,760	\$18,518	\$14,963	\$15,397	\$16,557	\$17,902	\$183,156	
ALL WATER COSTS		\$96,090	\$93,545	\$85,258	\$81,024	\$76,958	\$62,070	\$62,657	\$63,717	\$70,298	\$73,778	\$83,080	\$93,860	\$942,336	

General and Administrative (G&A) Summary Carefree Water Company – FY 19-20

- Overall G&A expenses up 3% (up approx. \$27,00) compared to FY 18-19
 - Payroll expenses relatively neutral (up 1%), including:
 - 3% Cost-of-Living Adjustment – All employees
 - Emergency On-Call Increase from \$25/day to \$30/day
 - Potential for merit increases and operator certification upgrades
 - 2.5% Increase in Health Insurance Costs
 - 100% employee participation in retirement program
 - Risk insurance increase of 5%
 - Increase in contract services of 31% (GIS)
 - Modest increases in computers and postage

**General and Administrative Budget by Category
for 2019-20**

	2018-2019 Budget	2019-2020 Budget	Difference	
<u>Payroll, Payroll Taxes, Group Insurance & Benefits</u>				
Base Salaries	410,815	400,117		
Overtime	3,000	4,000		
Compensation Time	2,000	3,000		
Bonus	4,000	4,000		
Merit Increase	-	10,000		
Emgr. On-Call	9,500	11,000		
All Health Insurance Combined	97,953	100,184		
IRA and Retirement	43,574	44,344		
All Payroll taxes	28,042	28,604		
Medicare	6,558	6,690		
Unemployment	-	-		
Equalization Taxes	-	-		
	<u>605,442</u>	<u>611,938</u>	<u>6,496</u>	1%
<u>Training Expense A/C 60154</u>				
	<u>4,000</u>	<u>4,000</u>	<u>0</u>	0%
<u>Employee Expenses A/C 60152</u>				
Uniforms	1,700	1,800		
	<u>1,700</u>	<u>1,800</u>	<u>100</u>	6%
<u>Safety Equipment A/C TBD</u>				
Personal Protective Equipment	-	1,450		
Safety Equipment	1,500	1,500		
	<u>1,500</u>	<u>2,950</u>	<u>1,450</u>	49%
<u>Accounting and Professional Services A/C 60201</u>				
Auditors	8,722	9,500		
Dasco	2,000	2,000		
ER System	6,000	6,000		
Payroll Experts	2,000	2,000		
	<u>18,722</u>	<u>19,500</u>	<u>778</u>	4%
<u>Legal A/C 60202</u>				
	<u>2,000</u>	<u>2,000</u>	<u>0</u>	0%
<u>Cleaning Service A/C 60204</u>				
Regular	6,000	6,000		
	<u>6,000</u>	<u>6,000</u>	<u>0</u>	0%

<u>SCADA A/C TBD</u>			
SCADA	3,200	3,200	
Go to My PC	204	204	
Wonderware/Standard Automation	1,000	900	
Specter - WIN 911	500	500	
	-	-	
	<u>4,904</u>	<u>4,804</u>	<u>(100)</u> -2%
<u>Computer A/C 60205</u>			
Continental	2,900	2,900	
Sage	3,000	3,000	
Read Center	1,200	900	
Beacon Mobile	-	2,340	
Computer Repair	4,560	4,560	
Backup Software	50	50	
Printer	500	500	
Bitdefender - Virus Protection	668	600	
Fixed Asset Software	300	300	
Offsite Backup	2,100	2,100	
Log Me In	-	500	
Firewall	110	140	
	<u>15,388</u>	<u>17,890</u>	<u>2,502</u> 14%
<u>Insurance A/C 60250</u>			
Cincinnati Insurance	45,100	48,000	
Claims (Insurance Deductible- Contingency)	5,000	5,000	
	<u>50,100</u>	<u>53,000</u>	<u>2,900</u> 5%
<u>Postage A/C 60300</u>			
Billings	6,100	7,200	
Mail Pickup	360	420	
Additional mailings	-	1,300	
	<u>6,460</u>	<u>8,920</u>	<u>2,460</u> 28%
<u>Telephone A/C 60351</u>			
Cox	2,900	2,900	
Verizon	3,881	3,800	
Replacement Cell Phones	500	500	
	<u>7,281</u>	<u>7,200</u>	<u>(81)</u> -1%

<u>Promotional A/C 60353</u>				
Truck Magnets	120	120		
Advertisement	500	500		
	<u>620</u>	<u>620</u>	<u>0</u>	0%
<u>Auto Expense A/C 60400</u>				
Repairs, batteries, tires	2,000	2,000		
Fuel *	15,500	15,500		
Fuel Adj. (Potential Increase)	1,500	3,000		
	<u>19,000</u>	<u>20,500</u>	<u>1,500</u>	7%
<u>Office Supplies A/C 60452</u>				
Printing	3,500	3,500		
All Other	3,500	3,500		
	<u>7,000</u>	<u>7,000</u>	<u>0</u>	0%
<u>Security and Emergency A/C 60453</u>				
Safeguard - Office	1,200	700		
	<u>1,200</u>	<u>700</u>	<u>(500)</u>	-71%
<u>Office Utilities A/C 60454</u>				
	<u>4,900</u>	<u>5,000</u>	<u>100</u>	2%
<u>Fees and Permits A/C 60501</u>				
Maricopa County	5,000	5,000		
ACC	46	46		
Carefree Shadows HOA	124	124		
PO Boxes	106	106		
TPT License	24	24		
Town License	40	40		
	<u>5,340</u>	<u>5,340</u>	<u>0</u>	0%
<u>Dues and Subscriptions A/C 60456</u>				
Blue Stake	1,000	1,000		
AWWA Membership	335	340		
Rural Water Association	750	750		
WEF	205	205		
American Society of Civil Engineers	280	280		
AZ State Board of Accountancy	-	300		
Costco	320	260		
	<u>2,890</u>	<u>3,135</u>	<u>245</u>	8%

<u>Office Equipment Rental A/C 60457</u>				
Postage Machine	2,000	2,000		
Folding and Stuffing Machine	5,400	5,700		
	<u>7,400</u>	<u>7,700</u>	<u>300</u>	4%
<u>Bad Debt Write-off A/C 60550</u>				
	<u>3,000</u>	<u>3,000</u>	<u>0</u>	0%
<u>Loss Write Off - Meters</u>				
	<u>12,000</u>	<u>12,000</u>	<u>0</u>	0%
<u>Income Tax</u>				
State	52	52		
	<u>52</u>	<u>52</u>	<u>0</u>	0%
<u>Credit Card Charges A/C 60652</u>				
	<u>6,500</u>	<u>6,600</u>	<u>100</u>	2%
<u>Bank Charges A/C 60653</u>				
U. S. Bank	-	-		
All Other Banks	500	500		
Chase (Electronic Banking)	8,300	8,500		
	<u>8,800</u>	<u>9,000</u>	<u>200</u>	2%
<u>GIS Mapping A/C 60206</u>				
GPS Annual Fee	2,400	2,400		
Monthly MIFI Fee	400	400		
ARC Service Agreement	1,475	1,475		
Support	12,000	20,000		
Elements Annual Maintenance	1,500	1,500		
True Image Backup	40	40		
	<u>17,815</u>	<u>25,815</u>	<u>8,000</u>	31%
<u>Water Conservation Costs A/C 6100</u>				
Literature/Community Events	1,500	2,000		
	<u>1,500</u>	<u>2,000</u>	<u>500</u>	25%
<u>Total Costs</u>				
	<u>821,514</u>	<u>848,464</u>	<u>26,950</u>	3%

Replacement and Maintenance (R&M) Summary Carefree Water Company – FY 19-20

- 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
- In past 6 years, R&M expenses have been fairly flat, even decreased
- This FY expecting 21% increase in costs
 - Primarily related to:
 - Contractual Services – Water Tank & Back-Up Generator Maintenance
 - R&M on Mains, Services, and Valves

**Replacement and Maintenance Budget
2019-2020**

	2018-2019 Budget	2019-2020 Budget	Variance	Percentage
<u>R & M Tanks</u>				
Tank Maint.	28,650	30,000		
Misc.	2,000	3,000		
	30,650	33,000	2,350	8%
<u>R & M Pumps and Wells</u>				
Pumps Stations	10,000	10,000		
Wells	5,000	5,000		
	15,000	15,000	0	0%
<u>R & M Mains and Valves</u>				
Valves	10,000	10,000		
Mains Repairs	15,000	18,000		
Other Distribution Repairs	0	0		
	25,000	28,000	3,000	12%
<u>R & M Services/Meters</u>				
	20,000	25,000	5,000	25%
<u>R & M Easements & Right of Way Landscape</u>				
	2,000	2,000	0	0%
<u>R & M Equipment</u>				
Backhoe	2,750	3,000		
Mini Excavator	0	1,000		
Trucks	1,500	1,500		
Chlorination	250	250		
	4,500	5,750	1,250	28%
<u>Fire Hydrant Maintenance</u>				
	3,000	3,000	0	0%
<u>R & M Generator</u>				
	12,500	25,000	12,500	100%
<u>R & M Interconnect</u>				
	2,000	2,000	0	0%
<u>R & M Supplies</u>				
	3,000	4,000	1,000	33%

<u>R & M General</u>				
AC Units	1,700	1,700		
Fire Protection	400	400		
Exterminating	0	540		
	<u>2,100</u>	<u>2,640</u>	<u>540</u>	<u>26%</u>
<u>Equipment Rental</u>	<u>1,000</u>	<u>1,000</u>	<u>0</u>	<u>0%</u>
 Total Maint. and Replacement	 <u>120,750</u>	 <u>146,390</u>	 <u>25,640</u>	 <u>21%</u>

Reserve Recommendations
Carefree Water Company – FY 19-20

- **Target Balance:** \$1,000,000 (based on AWWA recommendations)
- **Current Reserve Balance:** \$ 940,000
- Shortfall: \$ 60,000

Recommended Reserve Deposit, Next 3 FY's: \$20,000

Capital Improvement Program Recommendations Carefree Water Company – FY 19-20

Total FY 19-20 Capital Budget - \$281,157

- Fire Protection - \$15,000
- System Automation and Technology - \$0
- System Improvements - \$229,307
- Capital Equipment - \$36,850
- Water Rights - \$0 (Fully Funded)
- Capital Reserves (Large Project Improvement Fund) - \$0

CAPITAL IMPROVEMENT PROGRAM DETAILS

Fire Protection - \$15,000

- 3 Replacement Fire Hydrants – \$15,000
1969-1990 Hydrants, non-standard, hard to operate

System Automation and Technology - \$0

(\$7,000 covered under Capital Equipment expenditures below)

System Improvements - \$229,307 (Total FY 19-20 Funding - \$897,645)

- Annual Meter Replacement Program – \$31,250 (125 meters)
- Valve Replacement Program – \$10,000
- Pipeline Upgrade Projects - \$188,057, PLUS AUTHORIZATION TO SPEND:
 - \$105,423 Carryover Funds
 - \$127,064 Capital Reserve Fund Balance
 - \$435,851 Capacity Fees Fund

Capital Equipment Account – \$36,850 (Annual FY 19-20 Deposit - \$26,000, Town Cost Sharing - \$10,850)

Anticipated Account Balance for FY 19-20	\$108,036
Anticipated Account Expenditures for FY 19-20*	<u>\$ 82,000</u>
End of FY 19-20 Account Balance	\$ 26,036

*FY 19-20 Planned Expenditures:

Valve Exercising Equipment:	\$75,000
Technology:	<u>\$ 7,000</u>
FY 19-20 Account Expenditures	\$82,000*
Town Equipment Cost Sharing	<u>\$10,850</u>
Total FY 19-20 Expenditures	\$92,850

Water Rights - \$0

Fully Funded for 112 AF @ \$1,288/AF = \$144,332

Capital Reserve Account – FY 19-20 Deposit - \$0

Account Balance \$127,064
(To be utilized for Pipeline Upgrade Projects)

**CAREFREE WATER COMPANY
10-YEAR CAPITAL IMPROVEMENT PLAN
FY 19-20 THRU FY 28-29**

Capital Improvement Description	Fiscal Year (FY)											Line Item Total	Category Total
	Carryover	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29		
Fire Protection													
Number of Fire Hydrants (+ = Replacements)		3	3	3	3	3	3	3	3	3	3	3	30
Fire Hydrants		\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 150,000
System Automation and Technology													
SCADA System Improvements								\$ 50,000					\$ 50,000
System Improvements													
Annual Meter Replacement (125 per year)		\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 312,500
Valve Replacement Program		\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 100,000
Pipeline Upgrade Projects**	\$ 105,423	\$ 188,057	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 1,643,480
Capital Equipment													
Annual Contribution*	\$ 77,036	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 337,036
Equipment Cost Sharing (To/Town)		\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 10,850	\$ 108,500
Water Rights													
Non-Indian Ag CAP	\$ 144,332												\$ 144,332
Capital Reserve													
	\$ 127,064		\$ 50,000	\$ 50,000	\$ 50,000		\$ 50,000	\$ 50,000	\$ 50,000		\$ 50,000		\$ 477,064
Total FY Expenditure	\$ 453,855	\$ 281,167	\$ 293,100	\$ 293,100	\$ 293,100	\$ 243,100	\$ 293,100	\$ 343,100	\$ 293,100	\$ 243,100	\$ 293,100	\$ 3,322,912	\$ 3,322,912

* See Supplemental Capital Equipment Plan Spreadsheet

** See Supplemental Pipeline Upgrade Projects Spreadsheet

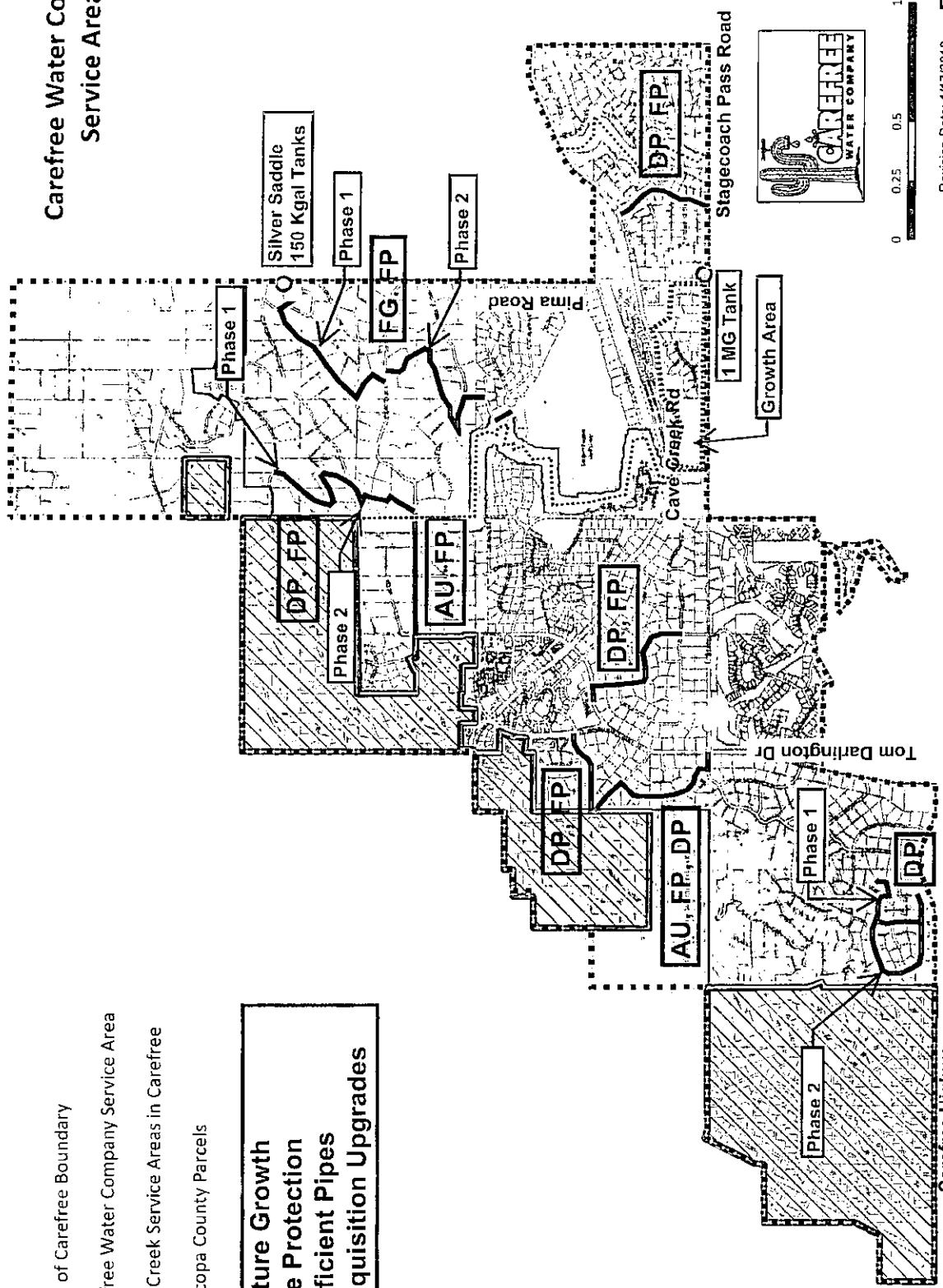
**CAREFREE WATER COMPANY
10-YEAR CAPITAL EQUIPMENT PROGRAM
FY 19-20 THRU FY 28-29**

Capital Equipment Description	Fiscal Year (FY)									
	19-20	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29
Vehicles and Heavy Equip.										
Work Truck #1			\$ 34,000						\$ 34,000	
Work Truck #2				\$ 34,000						\$ 34,000
Work Vehicle - GM		\$ 30,000						\$ 30,000		
Valve Exercising Equipment	\$ 75,000									
Backhoe (75/25 Cost Split w/Town)						\$ 53,000				
Technology & Misc. (Computers, Printers, Work Stations, etc.)										
Computer Replacements (\$1500/computer)	\$ 1,500	\$ 3,000			\$ 3,000	\$ 3,000			\$ 3,000	\$ 3,000
Server and Components	\$ 3,000	\$ 5,500				\$ 8,500				
Meter Reading Technology Upgrades	\$ 2,500			\$ 7,000					\$ 7,000	
Total FY Expenditure	\$ 82,000	\$ 38,500	\$ 34,000	\$ 41,000	\$ 3,000	\$ 64,500	\$ -	\$ 30,000	\$ 44,000	\$ 37,000
Prior FY Balance	\$ 77,036	\$ 26,036	\$ 18,536	\$ 15,536	\$ 5,536	\$ 33,536	\$ 36	\$ 31,036	\$ 32,036	\$ 19,036
Annual FY Contribution	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000	\$ 26,000
Misc. Sales	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
End of FY Balance	\$ 26,036	\$ 18,536	\$ 15,536	\$ 5,536	\$ 33,536	\$ 36	\$ 31,036	\$ 32,036	\$ 19,036	\$ 13,036

PIPELINE UPGRADE PROJECTS - PRIORITIZATION SUMMARY

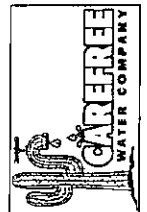
Priority	Project Description	Lineal Feet	Project Cost	FY 19-20 Funding		
				Capacity Fees	Carryover & Capital Reserves	CIP
1	Silver Saddle Gravity Zone Upgrades - Ph. 1	3,800	\$ 760,000	\$ 435,851	\$ 232,487	\$ 91,662
2	Black Mtn. Foothills - Ph. 1	1,800	\$ 511,875			\$ 96,395
3	Spanish Boot/Golden Spur - Ph. 1	3,025	\$ 529,375			
4	Black Mtn. Foothills - Ph. 2	3,125	\$ 546,875			
5	Spanish Boot/Golden Spur - Ph. 2	1,825	\$ 319,375			
6	Silver Saddle Gravity Zone Upgrades - Ph. 2	5,200	\$ 910,000			
7	Milky Way Fire Protection Upgrades	2,150	\$ 322,500			
8	Sidewinder Fire Protection Upgrades	3,200	\$ 560,000			
9	Carefree Drive Fire Protection Upgrades	2,000	\$ 350,000			
		26,125	\$ 4,810,000	\$ 435,851	\$ 232,487	\$ 188,057
				Total FY 19-20 Funding		\$ 856,395

Carefree Water Company Service Area



- Town of Carefree Boundary
- Carefree Water Company Service Area
- Cave Creek Service Areas in Carefree
- Maricopa County Parcels

FG = Future Growth
FP = Fire Protection
DP = Deficient Pipes
AU = Acquisition Upgrades



Revision Date: 1/17/2018

FIGURE 1

RESOLUTION 2019-04

A RESOLUTION OF
THE DISTRICT BOARD OF THE
TOWN OF CAREFREE, ARIZONA
UTILITIES COMMUNITY FACILITIES DISTRICT

CONCERNING, membership for the Carefree Water Company, Inc. in the Arizona Water and Wastewater Agency Response Network ("AZWARN") and authorization to enter into the AZWARN Mutual Aid Agreement ("AZWARN MAA").

At a meeting of the members of the District Board of the Town of Carefree, Arizona Utilities Community Facilities District (the "***UCFD***"), a special purpose tax-levying public improvement district and municipal corporation and political subdivision of the State of Arizona, duly held on Tuesday, June 4, 2019 at 4:00 p.m. at the Town Council Chambers, 33 Easy Street, Carefree, Arizona 85377, which meeting was open to the public, the following Resolution was adopted.

WHEREAS, the UCFD is the sole stockholder in the Carefree Water Company, Inc. (the "***Water Company***"); and

WHEREAS, the Water Company performs essential public services in providing potable water to residents within the Town of Carefree ("***Carefree***"); and

WHEREAS, emergency situations and natural disasters can and will occur that disrupt potable water service to the residents of Carefree, other communities within Arizona, and other communities within the United States of America; and

WHEREAS, it is imperative for the protection of public health, safety, and welfare of all residents that potable water service be restored as quickly as possible after an emergency or natural disaster; and

WHEREAS, AZWARN was established with the intent of providing a mechanism for water and wastewater agencies within Arizona to request, receive, and/or provide assistance in case of an emergency or natural disaster;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of the UCFD, authorizes the following:

1) The Chairman of the Board of Directors of the UCFD to execute on behalf of the Water Company the "AZWARN Mutual Aid Agreement (AZWARN MAA) Among Members of the Arizona Water and Wastewater Agency Response Network," and;

2) The General Manager of the Water Company to establish membership in AZWARN by completing AZWARN Member Contact Form and to keep membership current as long as it provides, in the opinion of the General Manager, a benefit for the residents of Carefree and other communities within the State of Arizona and within the United States of America.

____ AYES ____ NOES ____ ABSTENTIONS ____ ABSENT

Dated this 4th day of June, 2019.

Les Peterson, Chairman of the Board of Directors

ATTEST:

APPROVED AS TO FORM:

Kandace French, Secretary/Treasurer

Michael Wright, Attorney

**AZWARN
MUTUAL AID AGREEMENT
(AZWARN MAA)
AMONG MEMBERS OF
THE ARIZONA WATER AND WASTEWATER
AGENCY RESPONSE NETWORK**

(Effective March 30, 2019 - Supersedes all prior versions and AZWARN Agreements)

This Agreement is made and entered into by and among Municipalities, Municipal Corporations, Counties, Districts, Public Agencies and Private Water and Wastewater Utilities that have executed this Agreement to better respond to water and wastewater emergencies.

RECITALS

WHEREAS, the Arizona Water and Wastewater Agency Response Network (“AZWARN”) was created by its member agencies on or about March, 2008; and

WHEREAS, the Members desire to enter into a new agreement to further clarify the relationship among them and to provide a mechanism whereby additional entities, including private water and wastewater utilities, can join the AZWARN, pursuant to A.R.S. §26-301 et seq.; and

WHEREAS, Members of the AZWARN recognize the value of cooperative efforts in responding to water and wastewater utility emergencies and intend to cooperate to meet the need for mutual aid in emergencies; and;

WHEREAS, the signatories to this Agreement recognize that it would be beneficial to have established a plan and procedures in case of emergencies; and

WHEREAS, the signatories to this Agreement are authorized to enter into mutual aid agreements pursuant to A.R.S. §26-301 et seq.; and

WHEREAS, one or more members to this Agreement may find it necessary to utilize all of their own resources to cope with an emergency and may require the assistance of another member or other members; and

WHEREAS, pursuant to A.R.S. §26-309, this Agreement is required to address the manner of financing such cooperative undertakings in advance of such emergency; and

NOW, THEREFORE, IT IS HEREBY AGREED by and between each and all of the Members hereto as follows:

AGREEMENT

Article 1. Purpose and Scope

1.1 Purpose: The Members recognize that emergencies may overwhelm the ability of a water and or wastewater utility to provide services to its customers. These emergencies may require assistance in the form of personnel, equipment, services, and supplies from outside the area of the

impact of the emergency. Therefore, the Arizona Water and Wastewater Agency Response Network (“AZWARN”) Member utilities hereby re-establish within the State of Arizona an Intrastate Program for Mutual Assistance (“Mutual Assistance Program”) and create a statewide Arizona Water and Wastewater Agency Response Network (“AZWARN”). Through the Mutual Assistance Program and AZWARN, the Members will coordinate response activities and may share resources during emergencies. This Agreement sets forth the procedures for the administration of this Mutual Assistance Agreement and AZWARN.

1.2 Scope: The scope of this Agreement is to (1) provide procedures to notify Members of the need for assistance; (2) provide procedures for Members to request assistance; (3) provide a mechanism for compensation for resources; and (4) continue AZWARN as redefined herein to implement this Agreement.

Article 2. Definitions

- 2.1 Agreement** means this Mutual Aid Agreement, among Members of AZWARN and amendments of the agreement as approved by its Members.
- 2.2 Associate:** Any non-utility participant, approved by the AZWARN Board, which provides a support role for the AZWARN program. These participants are nonvoting and are not a Party to this Agreement.
- 2.3 Authorized Designee** means an employee of a Member that is authorized by the Member’s governing body to request assistance, offer assistance, or declare emergencies under this Agreement.
- 2.4 Authorized Executive** means the Member official or officer with the authority to enter into contracts and agreements.
- 2.5 AZWARN (Arizona Water and Wastewater Agency Response Network)** means an organizational body of Member representatives. Each Member has one representative.
- 2.6 AZWARN Board** means the Chairperson and eight other Member representatives elected at large among AZWARN Member representatives.
- 2.7 AZWARN Chairperson** means the Member Representative elected by a majority vote of AZWARN. This person is responsible for chairing AZWARN meetings, giving notices as required by this Agreement and is authorized to execute actions approved by Resolutions of AZWARN.
- 2.8 Backfill** means the salary of replacement personnel who perform the regular duties of other personnel who are deployed under this mutual aid agreement.
- 2.9 Coordinator** means a person assigned by AZWARN to provide services as directed by AZWARN such as managing a website, special communication hub, or grant management.
- 2.10 Costs** mean the actual expenditures of funds by Responding Member, including backfill and indirect costs.

- 2.11 **Emergency** means any event, natural or man-made, that is, or is likely to be, beyond the available services, personnel, equipment and facilities of an AZWARN Member.
- 2.12 **Governing Body** means the authoritative body (e.g., city or town council, board of supervisors, district board, state agencies, or board of directors) elected, appointed, or hired to manage the affairs of the Member with appropriate authority to enter into this Agreement.
- 2.13 **Indirect Costs** means 10% of the total expenditures of funds by the Responding Member.
- 2.15 **Member** means a participating entity or agency in the AZWARN.
- 2.16 **National Incident Management System (NIMS)** means the national, standardized approach to incident management and response that sets uniform processes and procedures for emergency response operations.
- 2.17 **Period of Assistance** means a specified period of time when a Responding Member assists a Requesting Member. It begins with the Requesting Members' notice of acceptance of aid and ends when either the Responding Member or Requesting Member terminates the aid pursuant to notice provisions of this Agreement.
- 2.18 **Requesting Member** means a Member who requests assistance in accordance with the terms and conditions of this Agreement.
- 2.19 **Responding Member** means a Member that responds to a request for assistance in accordance with the terms and conditions of this Agreement.

Article 3. Implementation

3.1 This Agreement will be implemented through AZWARN. Each Member to the Agreement will select a Member representative who will each have one vote. The Member representatives will elect a Chairperson and eight (8) Board Members. The existing Board and Chairperson under the original AZWARN agreement shall act as the Board and Chairperson under this Agreement until such time as the Members meet and elect a new Board and Chairperson. Provided, no person shall serve as a Board Member or Chairperson unless the Agency or Entity which he or she represents has adopted this Agreement. The Chairperson and each AZWARN Board Member will have one vote for Board business. At any time that membership in AZWARN does not exceed twenty (20) Members, a representative from each of the existing Members of AZWARN will serve as the Board instead.

3.2 AZWARN Member representatives will meet annually to elect a Chairperson, Board and Officers, review this Agreement as well as facilitate, plan and coordinate emergency planning, response activities, and training exercises under this agreement.

3.3 The AZWARN Board, will adopt resolutions, policies, procedures, operational plans and by-laws. Any existing resolutions, policies, procedures, operational plans, or by-laws from the original AZWARN shall be automatically adopted for this Agreement until changed or modified as provided herein.

3.4 Whenever the Governor declares a State emergency or disaster, or if a request for assistance is made to DEMA under this Agreement, notwithstanding the language herein, the Deputy Director of the Arizona Department of Emergency and Military Affairs (DEMA) may at his or her discretion assume complete command and control over the response to the event in issue, as well as complete control over the training, coordinating, and planning in preparation for the same, to the extent allowed and authorized in A.R.S. §§26-301-308. Said authority supersedes any grant of authority or decision making as set forth in this Agreement.

Article 4. Funding

4.1 The AZWARN Board will be responsible for developing and adopting an annual budget and establishing funding sources.

4.2 The AZWARN Board may authorize a Member or Associate to accept grants, gifts and other sources of funds on behalf of the interests of AZWARN. Implementation of this Agreement may be funded by voluntary annual contributions necessary to meet costs of administration and sustaining this Agreement.

Article 5. Procedures for Requesting Assistance

5.1 Member Responsibility. Each Member will identify an Authorized Designee or the Authorized Designee's delegate to provide contact information, including 24 hour contact, and maintain relatively current resource information made available by the utility for mutual assistance response.

5.2 Requests for Assistance. In the event of an Emergency, a Member's Authorized Designee may request mutual assistance from any other Participating Member(s). The request for assistance may also be transmitted to the AZWARN Coordinator. Requests for assistance may be made orally or in writing. When made orally, the request for assistance shall be followed by a written request as soon as practicable but no more than (10) working days after the oral request was made. Specific protocols for requesting assistance will be provided in the AZWARN Operational Plan approved by the AZWARN Board.

5.3 Response to a Request for Assistance. After a Member receives a request for assistance, the Authorized Designee evaluates whether resources are available to respond to the request for assistance. Following the evaluation, the Authorized Designee will notify, as soon as possible, the Requesting Member whether it has the resources to respond. If the Member is willing and able to provide assistance, the Member will: (1) notify the Requesting Member about the type of available resources; (2) notify the Requesting Member of the approximate arrival time of such assistance; (3) inform the Requesting Member of any special requirements needed to utilize the resources; and (4) inform the Requesting Member if there are any variations from the reimbursement provisions of this Agreement. Acceptance of this offer of assistance by the Requesting Member commences the Period of Assistance.

5.3.1 Any Period of Assistance commencing prior to the effective date of this Agreement but continuing until after the effective date of this Agreement shall be considered to be subject to the terms of this Agreement for the entire period unless either the Requesting Member or the Member receiving assistance has not adopted this Agreement in which case the agreement in place between the Members at the time of commencement of the Period of Assistance shall be controlling. Whenever the Governor declares a State emergency or disaster, or

if a request for assistance is made to DEMA under this Agreement, all requests for assistance to DEMA and associated procedures/plans must conform to A.R.S. § 26-301 *et. seq.*

5.4 Discretion of Responding Member. Execution of this Agreement does not create any duty to provide assistance. When a Member receives a request for assistance, the Authorized Designee will have absolute discretion as to the availability of resources and choice of providing assistance. An Authorized Designee's decisions on the availability of resources will be final and not subject to legal challenge.

5.5 Right to Withdraw. The Responding Member's Authorized Designee retains the right to withdraw some or all of its resources upon 24 hours' notice. Notice of intention to withdraw must be communicated to the Requesting Member's Authorized Designee. In the event any unsafe conditions pose a threat to personnel or equipment, the Responding Member may withdraw any or all of its resources upon notice.

Article 6. Responding Member Personnel

6.1 National Incident Management System. Assistance provided under this Agreement will be consistent with the National Incident Management System (NIMS).

6.2 Control. Personnel sent by a Responding Member will remain under the direct supervision and control of the Responding Member. The Requesting Member's Authorized Designee will coordinate response activities with the designated supervisor(s) of the Responding Member(s). Under no circumstances shall an employee of a Responding Member be considered an employee of a Requesting Member.

6.3 Food and Shelter. The Requesting Member will supply reasonable food and shelter for Responding Member personnel. If the Requesting Member fails to provide food and shelter to Responding personnel, the Responding Member's designated supervisor is authorized to purchase the resources necessary to meet the needs of its personnel. The cost for such resources must not exceed the per diem rates established by the State of Arizona. The Requesting Member remains responsible for reimbursing Responding Member for all costs associated with providing food and shelter, if such resources are not provided by the Requesting Member.

6.4 Communication. The Requesting Member will provide or make arrangements for appropriate communication equipment for Responding Member personnel.

6.5 Status. Unless otherwise provided by law, the Responding Member's officers and employees retain the same privileges, immunities, rights, duties, and benefits as provided in their respective jurisdictions.

Article 7. Reimbursement

7.1 Unless otherwise mutually agreed in whole or in part, the Requesting Member will reimburse the Responding Member for costs as outlined in 7.2 through 7.4 that Responding Member incurred while providing aid during the specified Period of Assistance.

7.2 Personnel. Requesting Member will pay Responding Member for work completed by Responding Member personnel during a specified Period of Assistance according to the terms provided in their employment contracts or other conditions of employment. The supervisor(s) designated by the Responding Member must keep accurate records of work performed by

personnel during the specified Period of Assistance. Reimbursement must include all personnel costs, including salaries or hourly wages (including overtime and backfill), costs of fringe benefits, and indirect costs when reimbursing Responding Member.

7.3 Equipment. The Requesting Member will reimburse the Responding Member for the use of equipment during a specified Period of Assistance. Requesting Member will use equipment rates based on the Federal Emergency Management Agency's (FEMA) Schedule of Equipment Rates. In the event of the use of equipment not included in the schedule of equipment rates, the Responding Member must provide such rates in writing to the Requesting Member prior to supplying resources. The Requesting Member and Responding Member must mutually agree, in writing, on rates prior to Responding Member's dispatch of equipment.

7.4 Materials and Supplies. The Requesting Member must reimburse the Responding Member in kind or at actual replacement cost, plus handling charges, for use of expendable or non-returnable supplies. The Responding Member will not charge direct fees or rental charges to the Requesting Member for other supplies and reusable items that are returned to the Responding Member in a clean, damage-free condition. The Responding Member and Requesting Member will treat reusable supplies that are returned to the Responding Member with damage as expendable supplies for purposes of cost reimbursement.

7.5 Reimbursement Procedures. The Responding Member must provide an itemized invoice to the Requesting Member for all expenses it incurred as a result of providing assistance under this Agreement. The Responding Member will submit the itemized invoice to the Requesting Member no later than ninety (90) days following the end of the Period of Assistance. The Requesting Member will pay the full amount due no later than forty-five (45) days following the invoice date. Any amount that Responding Member leaves unpaid after 45 days will accrue interest at the statutory annual interest rate of 10% pursuant to A.R.S. § 44-1201.

7.6 Personnel Compensation and Insurance. The Requesting Member and the Responding Member will be responsible for all compensation and insurance coverage of their respective employees and equipment, if any, involved with mutual aid and consistent with A.R.S. § 26-314.B.

Article 8. Water Rights

8.1 This Agreement will not affect water rights nor create any transfer of water rights. Members do not intend for this Agreement to serve as a means of drought relief. Drought will not be considered an emergency under the terms of this Agreement.

Article 9. Protected Information, Statewide Critical Infrastructure and Disclosure

9.1 To the extent permitted by the Statewide Critical Infrastructure Information System Disclosure Law, A.R.S. § 41-1803 et seq., the Arizona Public Records Law, A.R.S. § 39-101 et seq., and other applicable laws, all Members will maintain the strictest confidence and will take all reasonable steps necessary to prevent the disclosure of any protected information disclosed under this Agreement. It is the responsibility of the owner of the protected information to mark, label, or otherwise identify what is protected information. If any Member, or other entity requests or demands, by subpoena or otherwise, that a Member disclose any protected information disclosed under this Agreement, the Member will immediately notify the owner of the protected information giving the owner the opportunity to take necessary steps to protect the information. The Member will take all reasonable steps necessary to prevent the disclosure of this information

by asserting all applicable rights and privileges with respect to such information and will cooperate fully in any judicial or administrative proceeding relating thereto.

Article 10. Dispute Resolution

10.1 If any controversy or claim arises out of or relating to the Agreement, including but not limited to an alleged breach of the Agreement, Members are encouraged to first resolve the dispute amongst themselves through informal dispute resolution and then non-binding mediation if necessary. Members may agree on other escalating forms of dispute resolution. This provision does not waive any right of any party to file the claim in the appropriate court having Jurisdiction.

Article 11. Indemnification

11.1 Each Member (as "Indemnitor") agrees to indemnify, defend and hold harmless the other Member (as "Indemnitee") from and against any and all claims, losses, liability, costs or expenses (including reasonable attorney's fees) (hereinafter collectively referred to as "claims") arising out of bodily injury of any person (including death) or property damage (hereinafter collectively referred to as "claims"), but only to the extent that such claims both which (a) result in vicarious or derivative liability to the Indemnitee, and (b) are caused by the act, omission, negligence, misconduct, or other fault of the Indemnitor, its officers, officials, agents, employees or volunteers. This indemnification shall survive termination of this Agreement or the termination of the participation of any of its Members. Except as otherwise provided in this paragraph 11.1, each Member will bear the risk of its own actions, as it does with its operations.

Article 12. Worker's Compensation Claims

12.1 Each Member is responsible for providing Workers' Compensation benefits and administering Workers' Compensation for its own personnel as it would in the normal course of business. Each Member will be responsible for any injuries which may occur to their own personnel during the course of rendering mutual assistance pursuant to this Agreement. A.R.S. §23-1022 shall apply where applicable.

Article 13. Notice of Claim or Suit

13.1 A Member who becomes aware of a claim or suit that in any way, directly or indirectly, contingently or otherwise, affects or might affect other Members of this Agreement will provide prompt and timely notice to the Members who may be affected by the suit or claim. Each Member reserves the right to participate in the defense of such claims or suits as necessary to protect its own interests.

Article 14. Insurance

14.1 Each Member will determine for itself what kinds of insurance, (including self-insurance), and in what amounts, it should carry. Nothing herein will act or be construed as a waiver of any sovereign immunity or other exemption or limitation on liability that a Member may enjoy.

Article 15. Effective Date

15.1 Effective Date. This Agreement will become effective for each Member upon the effective date set forth above or after approval by its Governing Body or Authorized Executive, whichever comes later.

15.2 Term. Except as otherwise provided in this Agreement, this Agreement will terminate June 30, 2030 unless extended. Upon termination any involved property shall revert to the original owner unless conveyed to another participant pursuant to the terms of this Agreement.

Article 16. Withdrawal

16.1 Any Member may terminate its participation in this Agreement through written instrument of its Governing Body or Authorized Executive which gives notice of termination of participation in this Agreement and providing a copy to the AZWARN Chairperson. This Agreement is terminated as to such Member twenty (20) days after the date received by the AZWARN Chair. The termination by one or more of the Members of its participation in this Agreement will not affect the operation of this Agreement as between the other Members thereto.

Article 17. Non-Appropriation

17.1 Notwithstanding any other provision in this Agreement, any Member may withdraw from this Agreement if for any reason the Member's Governing Body does not appropriate sufficient monies for the purposes of this Agreement. In such event, a withdrawing Member will have no further obligation to the other Members other than for payment for services rendered prior to withdrawal.

Article 18. Prohibition of Third Parties and Assignment of Rights and Duties

18.1 This Agreement is for the sole benefit of the Members and no person or entity may have any rights under this Agreement as a third-Member beneficiary. Assignments of benefits and delegations of duties created by this Agreement are prohibited.

18.2 Nothing in the provisions of this Agreement is intended to create duties or obligations to or rights in third parties who are not Members or affect the legal liability of any Member by imposing any standard of care different from the standard of care imposed by law.

Article 19. Other Mutual Aid and Assistance Agreements

19.1 Nothing in this Agreement will limit any Member's ability to continue with, or enter into, other mutual aid or assistance agreements.

Article 20. Americans with Disabilities Act

20.1 Each Member will comply with applicable provisions of the Americans with Disabilities Act (Public Law 101-336, 42 U.S.C. 12101-12213) and all applicable federal regulations under the Act, including 28 CFR Parts 35 and 36.

Article 21. Non-Discrimination

21.1 No Member will discriminate against any employee, client, or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability or national origin in the course of carrying out Member duties pursuant to this Agreement. Each Member will comply with the provisions of Executive Order 2009-9, which is incorporated into this Agreement by reference, as if set forth in full herein.

Article 22. Compliance with Laws

22.1 Each Member will comply with all federal, state and local laws, rules regulations, standard and Executive Orders, without limitation to those designated within this Agreement. The laws and regulations of the State of Arizona will govern the rights of the Members, the performance of the Agreement and any disputes hereunder. Any changes in the governing laws, rules and regulations during the terms of this Agreement will apply but do not require an amendment of this Agreement. Unless preempted by applicable law, any Member entering this Agreement hereby certifies that it is not currently engaged in, and agrees for the duration of the contract to not engage in, a boycott of Israel as set forth in A.R.S. § 35-393.01; however, the District Court of Arizona recently enjoined A.R.S. § 35-393.01 and until such time as the Court's injunction is stayed or otherwise lifted, the Anti-Israel Boycott Provision is unenforceable and no signatory to this Agreement will take action to enforce it.

Article 23. Entire Agreement

23.1 This document constitutes the entire agreement among the Members pertaining to the subject matter hereof, and all prior or contemporaneous agreements and understandings, oral or written, are hereby superseded and merged herein. This Agreement will not be modified, amended, altered or extended except through a written amendment approved by the Members' Governing Bodies, or Authorized Executives.

Article 24. Jurisdiction

24.1 Nothing in this Agreement will be construed as otherwise limiting or extending the legal jurisdiction of any Member. Nothing in this Agreement is intended to confer any rights or remedies to any person or entity that is not a Member under this Agreement.

Article 25. Conflict of Interest

25.1 This Agreement is subject to cancellation for conflict of interest pursuant to A.R.S. § 38-511, the pertinent provisions of which are incorporated herein by reference.

Article 26. Severability

26.1 If any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions will continue to be valid and enforceable to the fullest extent permitted by law.

Article 27. Responsibility of the State of Arizona

27.1 Nothing within this Agreement limits or restricts the duties and obligations of the State of Arizona to respond to the Emergency of any Member.

**MUTUAL AID AGREEMENT AMONG MEMBERS OF THE ARIZONA WATER
AND WASTEWATER AGENCY RESPONSE NETWORK
District Signature Page**

**Town of Carefree, Arizona Utilities Community Facilities District
On Behalf of the Carefree Water Company, Inc.**

IN WITNESS WHEREOF, the Members hereto each sign this Mutual Aid Agreement, among members of the Arizona Water and Wastewater Agency Response Network, on a separate signature page. The signor warrants that he or she has been duly authorized to commit the jurisdiction in the Agreement by formal approval of the jurisdiction's Governing Body.

_____ Date: _____
Les Peterson
Chairman, Board of Directors

ATTEST: _____ Date: _____
Kandace French Contreras
Secretary of the Board

Date of formal approval by the Governing Body: _____

The attorney for the above entitled has determined that the foregoing Agreement is in proper form and is within the powers and authority of the entity as granted under the laws of the State.

_____ Date: _____
Michael Wright, General Counsel
Town of Carefree, Arizona Utilities Community Facilities District