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## Community Meeting Questions and Answers

February 25, 2018

NRDH Water appreciates all of the great New River/Desert Hills neighbors who attended the Community Water Meeting last Sunday, February 25, at the Desert View Bible Church. As promised during the meeting, we have gathered up the questions asked, and are responding to them on our website. All of the feedback received will help the group move forward to address concerns, and form a Domestic Water Improvement District (DWID) that meets the community's needs.

- 1) How do you control the politics of a Water District? How do you keep a member from hiring his brother for a kickback?
  - a) After the initial organizing board, property owners within the District boundaries vote for Board members. The District is subject to the Open Meetings Laws and other regulations that are intended to ensure the actions of the District are transparent and aboveboard. Unfortunately, sometimes politics does invade the good intentions of our public processes. The laws governing "Special Districts," like the Water District, provides the Maricopa County Board of Supervisors the right to replace a sitting board if the Board's actions and administration of the District are not serving the public as they should. Members of the District can also recall elected members of the Board for improper behavior.

With regard to hiring a brother for a kickback, that is always a concern. With a multi-member board, and laws governing the public bidding process, the board has many eyes on it to help ensure actions like this do not occur. If violations of public trust occur, Title 48 of the Arizona Revised Statutes Section 48-1016 provides a remedy which reads as follows: "The board of supervisors of the county in which a domestic water improvement district or domestic wastewater improvement district is located may at any time revoke the authority of an elected board of directors in order to protect the residents of the district. Any district in which the authority of an elected board of directors is revoked pursuant to this section shall be governed by the board of supervisors as provided by section 48-908 and the board of supervisors shall have the option of calling for new elections for the district board of directors."

- 2) Suppose the water district is formed, doesn't that open the door to greater development? Too much development is one of our biggest problems.
- a) After the District is formed and is able to serve property owners outside its boundary, assuming a standpipe system is in place, others could buy at the standpipes or through water haulers utilizing the standpipes. If providing hauled water is an attractive selling feature for a new home builder, it is possible some developers may be encouraged. It is always possible that wells installed by a developer will fail, as many have failed in our area, and residents may have to resort to hauling water. The District cannot control development that is in compliance with State and County codes.

It is *not* anticipated that the District will acquire sufficient water resources to permit a developer to obtain a 100-year Certificate of Assured Water Supply which is required for developments with more than five lots. The District's obligation is to serve the property owners within the District. Making water available through standpipes outside the District boundaries allows the District greater access to resources and the opportunity to serve others outside the District and spread the costs of securing water resources and infrastructure over a greater number of customers. The District has the ability to determine who it serves through its rule-making authority and processes. The District will not be able to "stop" development; however, the District can adopt rules and regulations regarding accounts and adopt fees that compensate the District for impacts of new growth.

The general public typically lacks experience with wells or groundwater. One of NRDH Water's team members has made it a personal goal to work with the Arizona Department of Water Resources and the Arizona Department of Real Estate to require a disclosure for rural residential lot/home sales for properties not served by a municipal or private water utility. The disclosure would be intended to provide the buying public with information on the risks of owning property reliant on private wells and groundwater, the risks of buying property without a well, recommend testing and verification of well production and water quality, and provide a list of resources for consultation before making a decision to buy such properties. A disclosure would help the potential buyers make a more informed buying decision.

Changing the subdivision rules (statewide) would be the best answer, but it is extremely difficult, and when it was tried in years past, rather than reducing the number of lots that could be developed without a Certificate of Assured Water Supply (then four lots), the real estate lobby was able to increase the number of exempt lots to five. Changing subdivision rules is not impossible, but could take a long time and the desired outcome may not be achieved. A disclosure that gives potential buyers facts about potential risks and resources to get good, qualified information before making a buying decision should help.

3) What is EPCOR? What is a standpipe?

- a) EPCOR is a private utility working under the rules and regulations of the Arizona Corporation Commission, the Arizona Department of Water Resources, and the Arizona Department of Environmental Quality. Private utilities are typically for-profit entities created to provide services in areas not otherwise covered by a municipality. Rates charged for services (tariffs) must be approved by the Arizona Corporation Commission through a public rate making process that can be very lengthy – often taking up to a year or longer to receive approval.



A standpipe is a freestanding pipe used to provide running water in areas with no other water supply. In the case of EPCOR, the pipe will deliver measured amounts of water for fill of mobile water tanks used by water haulers or private parties. The photo with the water truck depicts a typical standpipe facility. The EPCOR facility will have two outlets and be able to fill two trucks at the same time.

4) Anthem water is very expensive. So approximately how much is this water going to cost?

- a) The water to be served from the EPCOR standpipe facility will have a base cost of \$9.55 per 1,000 gallons. This rate (or tariff) was approved by the Arizona Corporation Commission in October 2017. Added to that cost may be certain taxes and other fees that EPCOR is required to collect and pay. Depending on how you receive that water – whether as a private person hauling their own or through a water hauling service provider – costs will vary. Water haulers will charge for their labor, trucks and other costs as part of the delivery. As independent businesses, the water haulers will need to tell their customers what they anticipate the charges will be.

NRDH Water cannot estimate how much water will cost from the District until a water source has been secured, and a method of delivery has been identified. A District has access to grants and low-interest loans for infrastructure, as well as technical assistance to find the most cost-effective water sources and design the delivery system. Districts are not-for-profit, and the rates they charge are designed to cover the cost of running the district, providing water, improvements, and maintenance or replacement of infrastructure. These are typical components of water rate structures – whether private utilities, co-ops or districts; however, Districts do not have a factor for “profit.”

Standpipe rates posted by the Apache Junction Water District are:

Potable Water Standpipe	
Water Rate per 1,000 Gallons	\$ 6.05
Monthly Base Service Charge	\$ 9.00
Account Establishment Fee	\$ 25.00
Account Deposit	\$ 120.00
Key Deposit	\$ 40.00

These rates were found on the Apache Junction Water District's website at:

[https://www.ajwaterdistrict.org/upload/rates/rates\\_17-18-final.pdf](https://www.ajwaterdistrict.org/upload/rates/rates_17-18-final.pdf)

- 5) How will the Water District interact with customers of the Desert Hills Water System?
  - a) The District cannot include properties in the Desert Hills Water System or any other water company's service area. That being said, residents living in an existing water company's area who want or need hauled water would be able to purchase water through standpipes of the District either personally or through a water hauler. Since these residents cannot be "members" of the District, they would have no District tax impact.
  
- 6) What is the number of residents in the two areas? Why is there no vote on this? Will the District tax the entire county for its costs?
  - a) Based on 2010 Census Data, there are approximately 14,592 people in New River and 2,245 in Desert Hills. These figures could be larger or smaller today. Property owners who desire to be in the District sign petitions requesting formation of the District. It takes a majority of the property owners within a geographic area to form a District. The District will only include these areas. After formation, a property owner may request inclusion within the District, and may be able to join. The District can only tax property within the District boundary. It cannot tax property outside the District boundary.
  
- 7) If the District is created, can others join later?
  - a) Yes, other properties can be added to the District after formation. There may be conditions to joining the District such as be adjacent to a District boundary and costs associated with joining the District after its original formation to cover the cost of boundary changes and other administrative costs the District will incur.
  
- 8) Question 12 on the handout does not seem to answer the question.
  - a) If I am on a working well and don't need water, why should I want a DWID created, especially if it may raise my property taxes? Some wells in our area have stopped working over time, may be contaminated, or may produce less water than needed. Property owners within a District do not lose access to their wells and do not give up their rights to have a well. Property owners within a District may need water in the future and join to have a voice in what the District does, annual budgets, and a vote on who serves on the District Board of Directors. If a property owner is not within the District and determines they want

to join later, they can request to be annexed into the District and may be able to do so.

- 9) Can Maricopa County be proactive and put a moratorium on pools and golf courses which waste water?
- a) If zoning allows for construction of pools, the county cannot restrict them. The county may look into this opportunity in future, but NRDH Water is unaware of any actions pending on this issue. NRDH Water does not know if they are able to restrict pools as the county does not manage water resources. Unless existing prior to the enactment of the Groundwater Management Act of 1980, golf courses within Active Management Areas are not permitted to use groundwater to irrigate/water turf. Reclaimed water or effluent is permitted to be used on golf courses developed after 1980. New River and Desert Hills are both located within the Phoenix Active Management Area.
- 10) When will you have an answer to Question 19 on the handout?
- a) Does forming a DWID mean that sometime in the future everyone within the DWID boundaries may have to pay for piped-in water, even if their well is working? Engineering and geological studies are needed to answer this question in the “big picture” context. Some areas of New River and Desert Hills may never have piped-in water due to the hard, rocky terrain. Some areas will probably depend on wells or hauled water into the future unless residents of that area are willing to pay the extremely high cost of installing underground water lines. Some areas of Desert Hills or New River may be more likely to consider installing underground water lines because they have better soil conditions. Properties within an area electing to install underground water lines, if available, will bear the cost of those improvements.
- 11) Once a DWID gets established, what’s its lifetime? How are the District boundaries established? Do all properties inside the boundaries have to join?
- a) A District can be perpetual. Some Districts in Arizona are very old and continue to function well. If an area is incorporated and a city or town desires to take over the District, it may do so, but District infrastructure and assets would have to be paid for by the municipality.
- All properties within a District’s boundaries are members of the District unless they later deannex from the District. A majority of property owners within an area must petition to be included within a District.
- 12) The handout lists mostly the pros of a District. What are the cons beside possible taxes?
- a) Property owners within a District do have the obligation to pay tax if a tax is imposed by the District. If the District is sold and makes a profit, then each property owner within the District will be entitled to their proportionate share of any profit. On the other hand, if the Districts were to go deep into debt or become bankrupt, properties may have a lien placed against them until the debt is satisfied. This being the case, it is imperative that those homeowners residing within the District's boundaries pay close attention to the activities of the District's Board members so that action never occurs. Registered voters within a District have the right to vote at an election for the Board of Directors. If a property owner is not a

registered voter, then they would not be able to vote. If the Board of Directors fails to fulfill their duties to the District or its members, then the County Board of Supervisors can remove the sitting board and replace them.

- 13) What is the minimum number of properties required to form a District?
- a) The attorney NRDH Water is working with advised the group that Districts have been formed with as few as five property owners and as many as 200,000. The size of the District will depend on the residents within the area who want to form a District.
- 14) If I sign up my parcel for the District and later sell my home, will the new owner be required to be part of the District?
- a) Yes, once a property becomes a part of the District, the property remains in the District after sale. A property owner may petition to have their property deannexed from the District, and deannexation may be granted, if it is appropriate to do so (i.e., a property on the boundary line of the district that does not have water lines run or other infrastructure installed and serving the property).
- 15) How do you expect to notify and “sign-up” a community in 120 days? For those that didn’t sign-up, did they miss their chance to have a voice?
- a) Petitions can continue to be collected for a long period of time – some Districts have taken up to two (2) years. Three to six months is a good gauge of time and should be sufficient to ensure that all who desire to be in the District are able to do so. If the District is formed and a property owner later decides they want to be a part of the District, they can petition to be annexed into the District subject to location and any costs associated with annexation.
- 16) When and how much tax would be levied to start?
- a) NRDH Water does not know. If the District can obtain water resources and install infrastructure with grants or low-interest loans and the cost of water covers the expenses of the District, then the District does not have to levy a tax. Engineering studies and other information will need to be gathered, a proposed budget prepared and presented to the public for review and comment prior to any determination of the need to levy a tax. If a tax is requested by the District, it must notify property owners within the District boundaries and hold public meetings to discuss and receive public comment on any proposed tax.
- 17) Of the volunteers presently working on the project, what is the percentage of people with wells that provide enough water, wells that do not provide enough and require water hauling either part or full time? How many of your team do not have wells and are dependent on hauled water.
- a) Several members of the team do not have working wells and at least one has no well on their property. These members are totally dependent on hauled water. Several other members have wells that work most of the time and have to haul water occasionally. Others have wells that are currently working and provide sufficient water. Like our community, the NRDH Water team has a mix of water needs.

- 18) Questions were submitted regarding the Senior Center and the planned community service projects for upgrading some homes with low-flow fixtures and other improvements.
- a) NRDH Water is working on the plans for this program and will be applying for grants. Once we have everything in order, we will post information on the program to our website.