

TONTO HILLS DOMESTIC WATER IMPROVEMENT DISTRICT

Annual General Meeting

21 March, 2024



Agenda

1. Call to Order

A. Introduction and Opening Comments

2. Consent Agenda Items:

A. Acceptance of Meeting Agenda

B. Acceptance of Minutes for Board 2023 AGM

3. Regular Agenda Items:

A. Introductions

B. Financials

i. 2023 Financial Summary

ii. 2024 Budget

C. 2023 Accomplishments

D. Arizona Water status and THDWID Water Budget

E. Member Discussion

Introductions

Board of Directors

- Corey Garrison (Chairman)
- Christine Anderson (Treasurer)
- George Drazek (Secretary)
- Mark Laliberte
- Rick Nelson

District Superintendent

- Jeff Frazey

District Clerk

- Erica Boyle

2023 Financials Summary

THDWID Profit & Loss

Item	Jan - Dec 2023	Jan - Dec 2022	\$ Change	% Change
Ordinary Income / Expense Income	183,627.67	191,008.78	-7,381.11	-3.9%
Gross Profit	182,233.82	191,008.78	-8,774.96	-4.6%
Expense	225,936.01	193,942.47	31,993.54	16.5%
Net Ordinary Income	-43,702.19	-2,933.69	-40,768.50	-1,389.7%
Other Income / Expense Other Income	2,259.98	3,710.88	-1,450.90	-39.1%
Other Expense	31,176.48	34,509.84	-3,333.36	-9.7%
Net Other Income	-28,916.50	-30,798.96	1,882.46	6.1%
Net Income	-72,618.69	-33,732.65	-38,886.04	-115.3%

2024 THDWID Budget

Previously Provided

2023 Accomplishments

Previously Provided

Lake Mead Water Level - 2020 38% Capacity



Colorado River Water Crisis

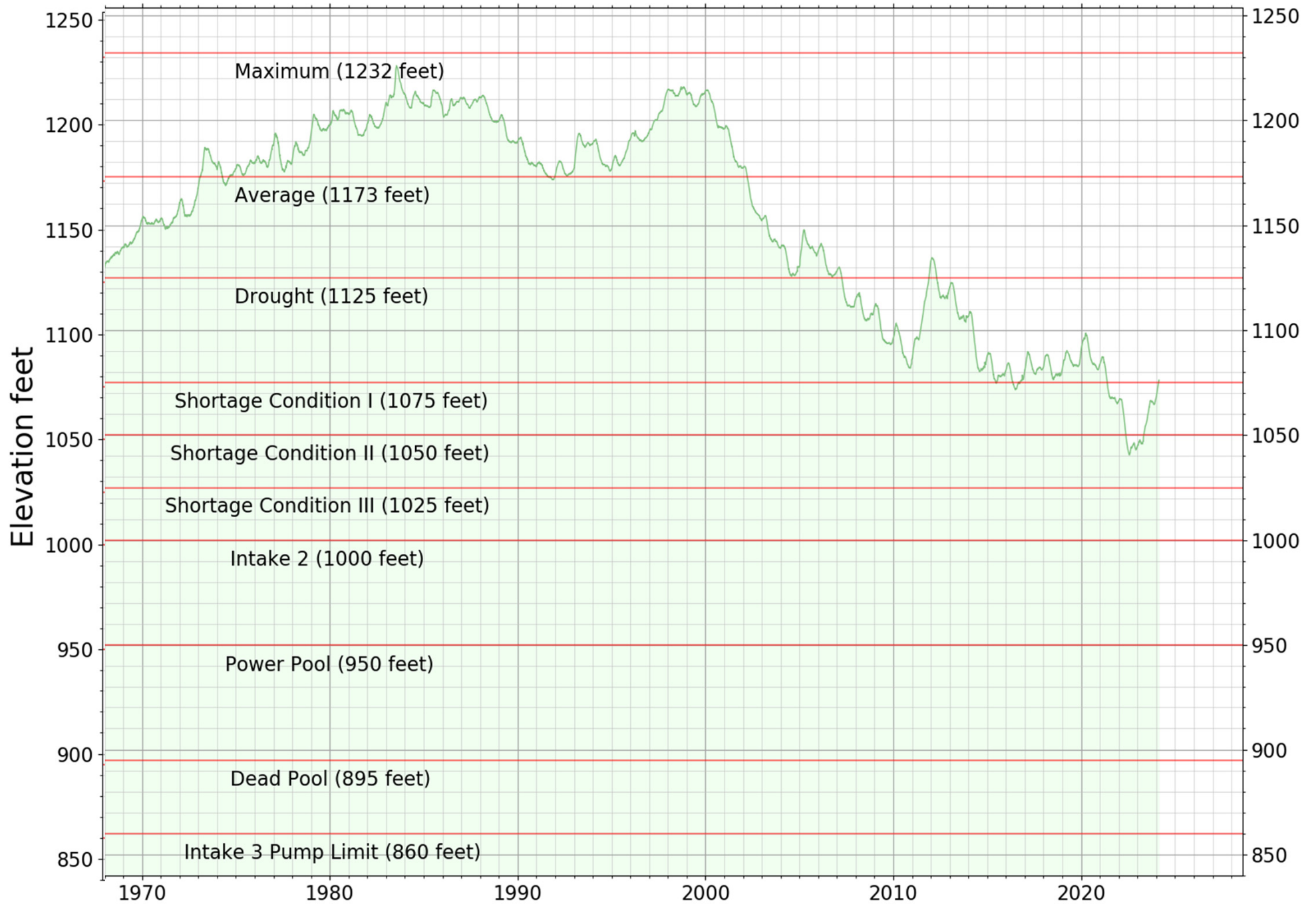
Where It All Began - 1922

- U.S. Bureau of Reclamation divided the Colorado River users into two areas
 - Upper Basin (Utah, Wyoming, Colorado, & New Mexico)
 - Lower Basin (California, Nevada, Arizona)
- Determined shares for each of the seven states
 - Overestimated the river's average flow to be 20M AF per year
 - Original engineering estimated 15M AF per year (25% Error)
 - Since 2000 it has been approximate 12M AF (20% of original)
 - Failed to account for tribal water guaranteed by treaty
 - Did not included a later treaty with Mexico

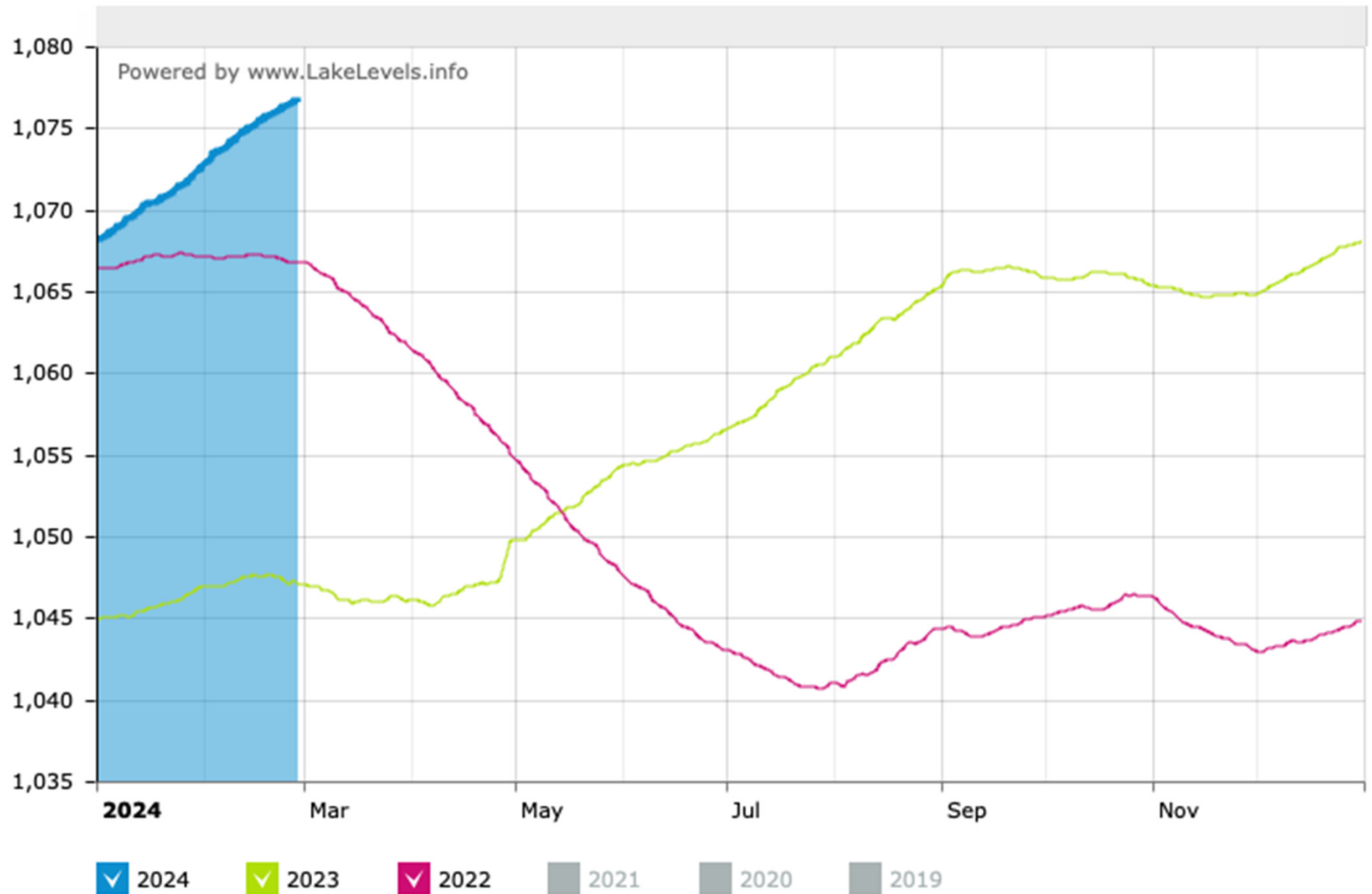
Note:

1 Acre-Foot (AF) is 325,851 gallons, enough for 3 families for a year
15M AF is 4.9T gallons, yes (4,887,315,000,000 gal / year)

Historical Lake Mead Water Level



March 2024 Lake Mead Water Level



Colorado River Recovery

- Arizona voluntarily agreed to leave almost 2M AF in Lake Mead
 - 192,000 AF in 2019
 - 510,000 AF in 2020 thru 2023
- The Colorado River states have agreed to cut 3M AF through 2026
- An atypical winter snowfall in 2023 has also helped to improve conditions
- As of March 1st, 2024 the Lake Mead water level elevation is 1075'
- No plans have been announced to move back to Stage 1

Arizona Water Status and THDWID Water Budget

Background

- Tonto Hills water system was established in the early 1960s
 - Leased and drilled two wells from US Forest Service
 - Treated and distributed water to community
- Tonto Hills Utility Company (THUC) formed in 1987
 - Treated and distributed water from wells and outside source
 - Acquired 100-year Central Arizona Project (CAP) allocation in 2001
- Tonto Hills community formed THDWID in February 2009
- THDWID purchased system from THUC in March 2009
- Authority equal to municipally elected officials
 - Management and operation control
 - Establish rates
- Oversight by Maricopa County Board of Supervisors

System Infrastructure

- 64,000-gallon tank on lot 225
 - Refurbished in 2009 by THUC per sales agreement
 - Refurbished in 2018 at a cost of \$35K
 - Anticipate end-of-life around 2028
- Tank instrumented
 - Records system water use
 - Monitors system operation and status
- 3 Pressure-reducing valves installed in 2012
 - Stabilizes water pressure throughout system
- ~ 8.3 miles of pipeline
- Meter replacement program is 75% complete
- Valve replacement program is 45% complete

Our Water

- **Contracted - Central Arizona Project (CAP), water source**
 - 71 acre-feet (AF) allocation
 - 100-year renewable contract
 - Current CAP order for use; 40 AF / yr
 - 31 AF / yr Banked at RWCD
- **Contracted - City of Scottsdale**
 - Treats & transports CAP water to Tonto Hills
 - 50-year initial agreement, renewable at 25-year intervals
- **District Water Budget**
 - 71 AF total yearly allocation
 - Less 5% loss in Scottsdale pipeline
 - Less <10% THDWID system losses
 - 60.35 AF net useable per year - 19.66M gal

THDWID Water Use & Members Shares

- 225 customers of 205 members (161 current customers)
- Tonto Hills water users have increased by 26% since 2009
 - 33 new residences / 1 new commercial unit
- 71 AF (23.14M gal) total yearly allocation
 - 3.55 AF (1.16M gal) 5% Scottsdale pipeline loss
 - 7.1 AF (2.31M gal) 10% THDWID system loss
- 60.35 AF (19.67M gal) total net available per year
- **Allocation divided equally: 87,422 gal / yr or 7,285 gal / mo**
- No reserve
- Future modification and conservation of usage will be required
- 37 (25%) customers used >7,200 gal in 2019 or 55% of total allocation
- 35.0 AF or 11.4M gallons bank in recharge facility

Summary / Questions / Discussion

TONTO HILLS DOMESTIC WATER IMPROVEMENT DISTRICT

March Business Meeting

21 March, 2024



Agenda

1. Call to Order

A. Introduction and Opening Comments

2. Consent Agenda Items:

A. Acceptance of Meeting Agenda

B. Acceptance of Minutes for Board 2023 AGM

3. Regular Agenda Items:

A. Operations (See published agenda)

B. Financials (See published agenda)

C. Administration (See published agenda)

- Action on Water Rate Increase

D. Water Quality (See published agenda)

E. Board Action Calendar (See published agenda)

Water Rate Structure Background

The District has an exclusive contract with the City of Scottsdale (COS) for the treatment and delivery of the THDWID's CAP water allocation. The initial 25-year contract established between COS and the Tonto Hills Utility Company (THUC) was continued in 2009 with a new 25-year duration.

Since the establishment of the water district in 2009 no increases in rates have been adopted. The rate tiers were adjusted in 2014 as part of the implementation of the District's Water Conservation plans which is required by Arizona statute.

The last rate increase to Tonto Hills water customers was proposed by THUC and approved the Arizona Corporation Commission in 2005.

Since then, COS has increased the rate charged to the THDWID numerous times. The latest were increases in 2018 and 2019 totaling 16.1%. Under consideration by the District is rate and/or base rate increases to offset increase costs and fund long-term capital improvements.

THDWID Proposed Rate Structure

**Increase the base rate for residential and commercial service from \$40 to \$50.
16.1% Increase per 1,000 gallons**

Increase the Tier 1 Through 5 rates for conservation stages 1 & 2 by 16.1%.

Tiers	Gallons Used	2005	2024	% Increase
1	0 to 4,000	\$6.80	\$7.89	16.1
2	4,001 to 13,000	\$10.20	\$11.84	16.1
3	13,001 to 20,000	\$12.30	\$14.28	16.1
4	20,001 to 30,000	\$12.42	\$14.42	16.1
5	>30,0001	\$12.55	\$14.57	16.1

Increase the Tier 1 Through 5 rates for conservation stages 3 & 4 by 16.1%.

Tiers	Gallons Used	2014	2024	% Increase
1	0 to 4,000	\$6.80	\$7.89	16.1
2	4,001 to 13,000	\$11.84	\$11.84	16.1
3	13,001 to 20,000	\$17.42	\$23.22	16.1
4	20,001 to 30,000	\$23.22	\$46.44	16.1
5	>30,0001	\$34.83	\$81.27	16.1