

July 8, 2022

To the Rio Verde Foothills community, Petitioners and those who signed up to Get Notified,

Supervisor Galvin sent a letter on July 1st, 2022 with an update of the RVF water issue which is attached. In this letter he referenced HB2055, a legislative bill that failed to pass the 2022 session. This bill, had it passed, would have allowed private utilities to transport water from Harquahala Valley to active management areas (AMA) in the same way government entities can. To clarify, political subdivisions of the state already have this ability which allows the proposed Rio Verde Foothills Domestic Water Improvement District to source its long term water supply from Harquahala Valley and is one of the many reasons why a DWID remains the only proposed viable option for this community.

It is genuinely heartbreaking how divided this community has become over the simple act of ensuring our homes have water. We remain hopeful that Supervisor Galvin will either approve the DWID or at a minimum, produce a private utility that will include the entire 18 square miles of the Rio Verde Foothills in its service area*, both of which would have the legal ability to provide a long-term, legally dedicated, outside source of water**. We are less than six months away from our water being shut off and it is critical that a short-term water supply is secured immediately for 2023.

The County has indicated they will send a notification before the public hearing, and we must all come together and voice our support. The DWID has over 600 properties that have been included on the petition for the formation of the Rio Verde Foothills Domestic Water Improvement District.

Our team believes the DWID is the most viable option for the Rio Verde Foothills. That being said, the DWID team has been open for the past four years to an alternative solution so long as that solution protected our community by providing a long-term, legally dedicated, outside source of water. As of today, the DWID is the only solution that has been presented. Any solution needs to be decided and in place as soon as possible in order to secure an interim water source for January 1, 2023 and to go into contracts for a long-term water supply before water costs and financing rates further increase.

We have provided a lot of additional information to help clarify some of the misinformation in our community and to help residents get a better understanding of the intentions of the DWID.

To have your property included in the formation of the DWID, please call us to set a time to review and sign the petition. If you have any questions or concerns about the DWID, please call us. We want to make sure your voice is heard and are addressing any concern you may have. Karen – 602-299-5222 or Jennifer – 602-402-2206

We truly are humbled by all of your support in these difficult times.

In This Together,

Your DWID Team
RVF Water Resources Inc.
Jaime Phillips
John Jouas
Jennifer Simpson
Karen Nabity

CC: Supervisor Galvin

***CRITICAL:** If a solution includes a private utility, it is important that our area is included in that utility's service area so that the water is legally obligated to our properties since private utilities are not legally obligated to provide water to properties outside of their service area.

****Long-term:** Ensures there will be water for the future.

Legally dedicated: Properties within a DWID or a private utilities service area would have water that is legally dedicated. If neither is the solution, a private utility, like EPCOR, is not legally obligated to provide water to properties outside of its service area, which could put our community's water at risk in the future. This is per the

Arizona Corporation Commission. Additionally, this is starting to come up in underwriting for mortgages which may become more of an issue next year as the drought and its affects worsen.

Outside source of water: This is important as it will help protect our aquifer that has had wells going dry over the past 20 years, provide a natural supplementation to our aquifer and help, as much as possible, to protect the wells that over 75% of our community relies on.

To have a better understanding of the intentions of the proposed DWID please read the highlights below. Please note the ordinances that are being created to address both concerns of community members and the misinformation on social media. You can also go to GotWaterRVF.com where we have provided lots of information, documentation and the history of the water efforts.

The intent of the Rio Verde Foothills Domestic Water Improvement District (DWID) is to provide a long term, potable water solution to members and non-members of the community via a fill station dedicated to the Foothills. This service includes providing water for residential homes, firefighting support, construction, pool fills and other uses. The DWID will be managed by a five member Board of Directors who is initially appointed by the Board of Supervisors. Elections are held in even years and those elected hold a four year term. Volunteer advisory boards will be established to advise the District Board.

The DWID team has spent years researching and acquiring the knowledge and background to implement the Rio Verde Foothills Domestic Water Improvement District project.

The DWID, if formed, will abide by all laws, rules and regulations of both the State of Arizona and Maricopa County. The proposed Board of Directors has and will continue to collaborate and interact with the respective governmental agencies, parties and our community - the residents of the Rio Verde Foothills.

To address concerns of community members, the following ordinances have been committed to Supervisor Galvin's office by the proposed Board of Directors for the DWID:

CREATION & IMPLEMENTATION OF ORDINANCES TO ADDRESS THE FOLLOWING:

- The **power of condemnation**, if necessary, will be limited to securing a utility easement and public access to the fill station.
- Properties must choose, by petition, to be included in the District.
- Annual opportunities for non-members to petition to be included in the District, subject to water availability.
- Equitable rates and fees for non-members.
- Non-member use subject to water availability.
- To preserve the local aquifer, as much as possible, for those property owners with wells.

Here are some excerpts from the Projected Business Plan Summary:

DWID PLAN:

- Secure short-term water contracts that can be transported via the Central Arizona Project (CAP) canals and processed by the City of Scottsdale and made available at the Jomax fill station for the Foothills water haulers on 1/1/2023. NOTE: Availability of a short-term water supply for 2023 for the DWID to purchase is dependent on the Board of Supervisors approval in time to secure a supply while it is still available for purchase.
- Secure long-term water contracts for 200-acre feet of water per year (current estimate) from an outside source that can be transported via the CAP canals to the City of Scottsdale for processing.
- Enter an Intergovernmental Agreement with CAP and the City to receive and process water for the DWID and allow for interim use of the City's fill station (Pima and Jomax).
- Purchase land within close proximity of the closest Scottsdale Water line for the purpose of a fill station.
- Construct a fill station with 3 commercial standpipes, one equipped for residents who self-haul.

CREATION & IMPLEMENTATION OF ORDINANCES TO ADDRESS THE FOLLOWING:

- The power of condemnation, if necessary, will be limited to securing a utility easement and public access to the fill station.
- Properties must choose, by petition, to be included in the District.

- Annual opportunities for non-members to petition to be included in the District, subject to water availability.
- Equitable rates and fees for non-members.
- Non-member use subject to water availability.
- To preserve the local aquifer, as much as possible, for those property owners with wells.

FILL STATION PLAN:

- The plans for the fill station include purchasing a minimum 2.5 acre parcel, constructing the fill station, and connecting a water line from the fill station to Scottsdale’s closest water connection.
- Site Plan – The site includes 3 commercial fill stations, including one station equipped for residents who self-haul.

FILL STATION – COST ESTIMATE:

The DWID, once formed, will hire an engineer to prepare plans and specifications* for the Fill Station. An estimate of the total costs of the improvement, including construction, engineering, financial costs and a reserve fund will be filed with the Board of Directors. Once the DWID goes through the process and orders, by resolution, the proposed improvements to be done, a notice of the passage of the resolution ordering the work and inviting sealed bids for making the improvement is made based on the requirements of A.R.S. Title 48 Chapter 6.

To assist the DWID team on determining an estimate of cost for the fill station, on 1/6/2022, GHD, a company that offers engineering, architecture, environmental and construction services, provided the following conceptual estimate of probable construction costs for the Fill Station with a 35% built in contingency.

The final design, specifications and estimated costs will be determined by the DWID’s engineer and input from AZDEQ.

Land Costs are estimated at \$750,000.

Cost to connect to Scottsdale will be determined when the final location for the fill station is purchased.

* Arizona Dept. of Environmental Quality will conduct a detailed technical review of the designs prior to and after construction to ensure the systems are designed and built to standards that provide safe, potable water to customers.

Bid Item	Qty	Unit	Unit Cost	Total Cost
Gravel Driveway	1	LS	\$20,000	\$20,000
Electrical	1	LS	\$50,000	\$50,000
Painting	1	LS	\$15,000	\$15,000
Grading & Drainage	1	LS	\$25,000	\$25,000
CMU Wall	548	LF	\$275	\$150,700
Fill Station	3	EA	\$115,000	\$345,000
Booster Station	1	LS	\$55,000	\$55,000
Flow Point System	1	LS	\$50,000	\$50,000
Taxes, Bonding, Permitting	1	LS	12%	\$85,290
35% Contingency				\$278,600
Total				\$1,074,590

*This conceptual estimate of probable construction cost is based on information provided by Rio Verde board members and previous construction bids for similar work. GHD has no control over changes in market conditions, such as material and labor costs, that may impact the accuracy of this estimate.

RVF DWID WATER SERVICES:

The District will provide potable water for the following:

- DWID Members
- Non-DWID members , subject to water availability
- Fees for Non-DWID members will be set to provide for fair and equitable sharing of costs.

- Rural Metro and other fire suppression needs
- Construction and dust control

WATER COSTS:

Due to the delay of a decision by the Board of Supervisors on the petition, the rates provided by short and long-term water suppliers, in the original cost analysis, have expired and the future cost is now substantially higher. Another cost estimate may not be available until the DWID is approved. Once that is accomplished, the Board of Directors will present cost estimates in a public meeting.

For more details go to GotWaterRVF.com

****The information provided includes projected business plan summaries. Due to changes in timing and the fluid market conditions all projections are subject to change.**