

# anthem community council

Meeting of the Board of Directors  
October 25, 2017  
OPEN SESSION at 6:30 p.m.  
Anthem Civic Building  
3701 W. Anthem Way

## MEETING MINUTES

### **Members Present:**

Roger Willis, President  
Bob McKenzie, Vice President  
Dino Cotton, Secretary  
Terry Mullarkey, Treasurer  
John Balzer, Director  
Ryan Halleran, Director  
Rick Kesselman, Director

### **Members Absent:**

None

### **Others Present:**

Jenna Kohl, Community Executive Officer  
Neal Shearer, Community Operations Officer  
Doug Greenstein, Community Finance Officer  
Kristi Northcutt, Communications Director  
Dave Fermoile, Community Center Director  
Michele DeMichele, Special Events & ACB Operations Director  
Brian Duncan, Parks & Facilities Director  
Mark Sahl, Legal Counsel  
Dawn Dworak, Management Analyst  
Kim Bodary, Recording Secretary

### **CALL TO ORDER**

The Open Session of the Anthem Community Council (ACC) was called to order at 6:37 p.m.

### **PLEDGE OF ALLEGIANCE**

### **ESTABLISH QUORUM**

President Willis established a Quorum with seven Board members present.

### **ADOPT AGENDA**

**Vice President McKenzie made a motion to adopt the agenda. Secretary Cotton seconded. Voting took place; the motion passed unanimously.**

### **APPROVAL OF MEETING MINUTES**

**Vice President McKenzie made a motion to approve the minutes from the September 27, 2017 Open Session, October 2, 2017 Special Session, and October 12, 2017 Special Session Meetings. Director Kesselman seconded. Voting took place; the motion passed unanimously.**

### **PRESENTATIONS/AWARDS/ANNOUNCEMENTS**

#### **A. Recognition of Committee Volunteers**

The Board recognized committee volunteers Mike Spinelli and Nate Storjohann from the Community Planning and Development Committee (CPDC) and John Birdseye from the Utilities Panel. The CPDC committee is being discontinued as the master plan is complete and Mr. Birdseye resigned from the Utilities Panel. President Willis and Ms. Kohl thanked the volunteers for their valuable service to Anthem and the Board presented them with a certificate and gift of appreciation. Ms. Kohl stated the committee members who could not be in attendance tonight will be recognized at the November 15 meeting along with members from the Economic Development Committee. The Economic Development Committee is transitioning to a Business Support and Advocacy Committee.

Mr. Storjohann thanked the Board, stated it was a great experience, that he values the community, and it was a great privilege to serve.

Mr. Spinelli also thanked the Board and stated it was very interesting over the years to watch how Anthem has moved forward and is excited about the new projects coming up.

Mr. Birdseye thanked the Board and is looking forward to skiing more this winter.

## STAFF REPORT

Ms. Kohl summarized the staff report and shared the following:

- Oct. 27: Monster Ball, 6-8 p.m., Community Center
- Oct. 29: Farmers' Market resumes (Sundays), 9 a.m.-1 p.m., Community Park
- Nov. 15: ACC Board of Directors Meeting, 6:30 p.m., Civic Building
- Janitorial Contract. The provision of janitorial services for all ACC parks, facilities and special events is a large and challenging responsibility that requires considerable experience, expertise, mobility and flexibility. The ACC's contract with MJ Cleaning Company for janitorial services expires on July 25, 2018, after five years of service. As a practical necessity, in order to firm up the ACC's budget for janitorial services for the 2018 budget year and to maintain continuity of services through 2018, the contract with MJ is being extended approximately five months through December 31, 2018. During the first half of 2018, staff will assess whether to negotiate a contract extension with MJ beyond 2018, go out to bid for janitorial services or pursue a combination of in-house and contracted services. For any of these options, Board discussion and approval would be required at the appropriate time.
- *Budget-in-Brief*: Rather than a large, multi-page document, a more compact budget summary will be distributed this year. A full budget publication, with information from the ACC and HOAs, will be posted online.
- *Anthem Veterans Memorial*. The Veterans Day Ceremony is in final stages of planning. The event begins at 10 a.m. on Nov. 11 and will conclude at 11:11 a.m. Community Park upper parking lot access will be closed to the public on Nov. 10 to allow service vendors unhindered access for setup, and to keep the area secure. Security will be on site at the AVM from Nov. 10 at 5 p.m. through the conclusion of the ceremony on Nov. 11.
- The final paver installation for 2017 took place Oct. 12.
- *Fall Sports*. The Community Center Sports Dept. has had a great turn out for youth soccer, flag football, lacrosse and indoor volleyball. The cheerleading program has 11 girls registered, and they will be cheering at each of the flag football games on Wednesday nights. This is one of the largest teams the Community Center has had in recent years.
- *Open House*. Over 170 Anthem residents attended the Resident Appreciation Open House on Oct. 8, participating in free fitness programs, facility tours and attempts to climb the Rock Wall.
- *Dive Training*. MCSO will be conducting dive training in the Dive Well on Oct. 18, 19, 23, 25 and 26.
- *Entry Falls*. Resurfacing of the South Falls is complete; and the North side is underway. Resurfacing of the North Entry Falls will take approximately 3 to 4 weeks to complete.
- *Skate Park*. The fence was painted Oct. 16-17; the shade structure and the new benches will be installed and completed by mid-November.
- *Trip Hazards*. Sidewalks on ACC property are inspected on a regular basis for trip hazards. In the next few weeks, sidewalks in Paseo will be repaired or replaced by Maricopa County or the ACC, depending on the location of the sidewalk.
- Daisy Mountain Veterans Parade and Community Picnic is scheduled for Nov. 4 on Softball Field #4. Parade is from 10 a.m. to noon, and the picnic/activities are noon to 3:30 p.m. Festivities include live music, food vendors, family activities, cornhole tournament and beer garden. Community Park is blocked off with restricted access from 7 a.m. to noon due to the parade and Traffic Control Plan.
- The Go Green recycling event was held Oct. 7 with a great turnout. Vendors were well organized and very prepared for the undetermined number of visitors. The Traffic Control Plan, which limited parking lot entry, served us well as it helped keep the traffic moving.

Ms. Northcutt stated the Council received two grants for the Veterans Day ceremony in the amount of \$5,000 each from both the Safeway Foundation and Arizona Veterans Department of Veterans' Services. Ms. Northcutt thanked Marcus Petty, ACC Communications Specialist, for submitting these two grant applications.

#### **FINANCIAL REPORT**

Mr. Greenstein summarized the Balance Sheet and Income Statement for the Board. He summarized the financial performance, fund balances, and collections activities. He noted that the ACC's monthly financial package has been upgraded to provide additional historical Balance Sheet information, graphs of operating and cost trends and summary variance reporting. As always, our full disclosure financial statements are posted to the OnlineAtAnthem website as part of the documents supporting this open meeting. We encourage all property owners to take the time to become familiar with our financial standing and results.

#### **OPEN DISCUSSION:**

Tonya Piatt, resident, stated she is the president for Youth for Troops which is a nonprofit organization comprised of Anthem youths with the desire to educate and advocate for our veterans and military personnel. Youth for Troops has all kinds of service projects and tonight the group packaged over 300 boxes for our troops. Ms. Piatt further stated this is a great example of how communities, nonprofits and businesses work together, and she thanked the Daisy Mountain Veterans, Youth for Troops and Military Family Support Group for their help tonight. Ms. Piatt also thanked the ACC Council, Posse and Post Net for their support and stated they had a World War II Veteran and three Arizona Veterans Hall of Fame members in attendance tonight. Ms. Piatt shared that there will be a drive in the spring to collect American made products to ship out to the troops and she encouraged everyone to attend the parade and picnic on November 4, 2017.

Treasurer Mullarkey inquired how many volunteers showed up tonight and Ms. Piatt respond about 150 volunteers helped.

#### **CONSENT AGENDA/ACCEPT COMMITTEE REPORTS:**

##### **A. ACCEPT COMMITTEE REPORTS**

- 1) Fiscal and Resource Management Committee
  - a. July 19, 2017 Meeting Minutes
  - b. September 20, 2017 Meeting Minutes

**Vice President McKenzie made a motion to approve the FaRM minutes from July 19, 2017 and September 20, 2017. Treasurer Mullarkey seconded. Voting took place; the motion passed unanimously.**

**DISCUSSION OF ITEMS REMOVED FROM THE CONSENT AGENDA: None**

#### **COMMITTEE UPDATES AND ACTION ITEMS**

##### **A. Utilities Panel - Consider Intervention in Water Rate Case**

President Willis stated the ACC would like to intervene in the EPCOR water rate case on behalf of Anthem residents. This case is similar to the wastewater rate case we just intervened in and this case would be represented by Ms. Kohl, President Willis and legal counsel if needed.

**Vice President McKenzie made a motion to approve Anthem Community Council intervening in the EPCOR water rate case and continue with representation for Anthem from CEO Kohl and President Willis. Director Balzer seconded. Voting took place; the motion passed unanimously with six votes and President Halleran recusing himself.**

#### **OLD BUSINESS**

- A. Discuss Terms of Agreement with EPCOR for Water Hauling Station**

Ms. Kohl stated at the Oct. 12 Special Board meeting, Troy Day, VP of Operations for EPCOR, approached the ACC Board with a request to purchase or lease ACC land located off of Desert Hills Drive for the purposes of installing a water hauling station. This station would serve primarily New River and Desert Hills residents who will no longer have access to City of Phoenix water when Phoenix terminates access on Dec. 31. At the meeting, the Board endorsed the project and directed staff to work with legal counsel and other stakeholders to develop a lease agreement that included certain parameters.

Since that time, ACC staff has had numerous discussions, including with Bill Gates, Maricopa County Supervisor; several representatives of EPCOR; Alan Muller of New River/Desert Hills Community Association; Phil Turner of Pulte; and Mark Sahl and Jonathan Ebertshauser of Carpenter Hazlewood. We've conducted site visits and identified preferred parcels for the location of the facility.

Ms. Kohl thanked to all those involved including ACC staff, EPCOR, Pulte, and ACC legal counsel.

Ms. Kohl stated the lease would be a twenty-year term with five-year renewal options and language includes restricting the water source, design review to mitigate any possible sound or other impact to the residents of Anthem and Desert Hills and any impacts to the Maricopa County trail on this property.

Ms. Kohl stated we need Board direction on option fee and rent and we've looked at comps for sales but not for leasing so the Board may wish to direct staff to look at these numbers.

President Willis stated EPCOR has been a great partner to the community in past projects such as Opportunity Way Park and we hope that we can come together with an agreement for the residents of Desert Hills and New River by the November 15 meeting.

Vice President McKenzie inquired why a twenty-year lease is requested and stated we should have a conversation with an auditing firm on the numbers. Mr. Day stated the main reason for a twenty-year lease is to recoup all costs for piping and construction of the water station and there are also depreciation schedules for all assets. Mr. Day further stated the five-year renewal option is because they believe this is a short-term fix and we aren't sure what the long-term fix is.

Director Balzer inquired on the lease rates and how it will affect what EPCOR will charge for water. Mr. Day responded that potentially it could, and that EPCOR estimated what the costs could be and included it as part of a proposed rate to the Arizona Corporation Commission. Director Balzer inquired if the rate could fluctuate up and down and Mr. Day stated the rates could go up but never down. Mr. Day further stated they did the best plan possible and are hoping to keep costs to water haulers similar to what they pay the City of Phoenix now.

Director Kesselman stated he has no issues helping our neighbors but it's becoming a bigger issue now and he's concerned about new development which will take more water from the requested 33-acre feet. Mr. Day stated the 33-acre feet is an estimate from current water haulers and he doesn't honestly know how much water will be needed. Mr. Day further stated he doesn't want to box in the 33 or 40-acre feet per year and understands the concern for new development; they did discuss patrolling who will be allowed to take water but the Corporation Commission may not approve that term. Mr. Day stated they could shorten hours and limit hauling to Monday through Saturday but that won't solve the long-term issue.

Director Kesselman inquired how a lesser term lease would affect EPCOR and Mr. Day stated EPCOR needs at least a twenty-year lease.

Director Balzer inquired if residents will be able to get their own water and Mr. Day stated yes but EPCOR will require accounts. Residents who qualify as customers will need a badge and their account will be closed if there are issues.

Secretary Cotton stated we have no control of development and we should avoid “do not exceed” clauses on any documents.

Vice President McKenzie inquired on EPCOR’s capital costs for the water station and Mr. Day answered approximately half a million; they don’t know how long it will take to recoup the costs and what the depreciation rates will be. Vice President McKenzie further stated he still doesn’t understand why it will take twenty years to recoup costs and Mr. Day stated once again it depends on depreciation rates and they are willing to do two or three two-year extensions instead of five-year renewals.

Treasurer Mullarkey inquired if EPCOR plans on doing any background checks and requirements on the water haulers and Mr. Day stated everyone will need to apply for an account, abide by all applicable laws and standards and submit a deposit. There will be no background checks done.

Treasurer Mullarkey stated we want New River and Desert Hills residents to pressure the state on the density issues. Treasurer Mullarkey inquired what other towns and cities charge water haulers and a resident thought it was about \$6 per 1000 gallons and water haulers pay about \$2000 in fees to the City of Phoenix each year.

Vice President McKenzie stated he wanted to let the residents know that we are going to do this deal, it’s just a matter of how we get there.

Secretary Cotton suggested we change the language on section 2B of the lease to a bilateral term where both parties should come into agreement. Mr. Sahl stated we can if EPCOR is ok with this and Mr. Day stated we need assurance we’ll have access to the land for at least twenty years and we could work through any extensions.

Director Kesselman inquired what would stop other water haulers from coming up here to take water from this station and Mr. Day stated they have it priced close to what the City of Phoenix charges and if there is a heavy demand, they will adjust those prices but there is no guarantee to keep others away. Mr. Day further stated it won’t be economically feasible for other haulers to come up this way to get water.

President Willis summarized everyone’s concerns which included short and long-term solutions, and how to address unconstrained growth.

The Board invited resident comment:

- Julie Elliott, New River resident and President of the No Water No Life New River and Desert Hills Community Group, stated the NR/DH community is hard at work on a plan to form a Domestic Water Improvement District (DWID). The group will be meeting with an attorney in early November to begin forming the District.
- Laurie Ricci, New River resident and President of the New River Incorporation Committee, stated she is looking into New River and Desert Hills becoming incorporated or forming a co-op or water district. They are very concerned for the long term and favor a shorter-term lease.
- Jim Slezak, New River resident, thanked the Board for their support and asked for no restrictions on times as many can haul their own water.
- Mike Andrews, resident, thanked the Board and EPCOR for their support and stated New River is a very water conscience community and everyone watches over each other. Mr. Andrews further stated residents do need water on Sundays and appreciates everything Anthem and EPCOR is doing.
- Angela Faber, New River resident, stated she spends approximately \$80 for water delivery and does this about 5 times per month and she just spent \$15,000 on a drilling for a new well.
- Debby Rypkema, New River resident, stated they are working hard on other solutions and have an email list of over 450 people and thanked EPCOR and the Council for their support.
- Ron Jerich, resident, stated we should set a limit on the water and limit it to the New River and Desert Hills residents only.

President Willis inquired if establishing a water improvement district will help regulate subdivisions and Ms. Elliott stated no.

Vice President McKenzie inquired how long they would need to form a water district and Ms. Elliott stated the process, if done correctly, can take six months and there is no instant money or water rights but they can start working with different agencies.

Treasurer Mullarkey inquired if Ms. Elliott has reached out to Cave Creek for their assistance and Ms. Elliott stated there have been some discussions but no commitment.

Director Kesselman inquired if Ms. Elliott has any concerns on the terms of the contract and the impact to their community and Ms. Elliott stated they asked the City of Phoenix for bridge of time.

Ms. Elliott stated one concern is the limited hours which will restrict the number of loads for water haulers and limit their revenue. Director Kesselman further inquired on weekend issues and Ms. Elliott responded that some residents do need Sunday deliveries so it would be nice to have the station open seven days a week.

President Willis reiterated we are here to help and make it work, and will help with a longer-term solution. He expressed that it's encouraging to hear what residents are doing for the long-term solution.

Ms. Kohl stated the Board received a draft lease agreement with EPCOR and we will work to finalize something for the Board's consideration at the November 15 meeting. Ms. Kohl asked that the Board inform her of any additional comments prior to that meeting. Items which were discussed tonight include: water station operating hours and days which could have an impact to residents near the station, reasonable lease rate, length of agreement, site selection, and trail issues. Ms. Kohl further stated the ACC has been in discussions with Maricopa County Supervisor Bill Gates on the Maricopa County trail and other related issues.

Vice President McKenzie stated we need to reach out to our CPAs on reasonable rates of return on lease.

Treasurer Mullarkey stated the customers should be residents of New River and Desert Hills only and EPCOR should use existing water haulers.

Secretary Cotton stated to update the unilateral to bilateral agreement on item 2B.

Julie Elliott, New River resident, stated we should not limit the number of water haulers and President Willis stated this is an issue for EPCOR to deal with.

Terry Wild, New River resident, stated we should think about water usage seasonally and suggested hours be from dawn to dusk.

Greg Hudson, New River resident, inquired if a fire hydrant could be used until the station is built and President Willis stated we can't answer that right now.

President Willis stated he received an email from a county island in Happy Valley Estates that has the same issue and he would like to help them out as well with this proposed water station. Ms. Kohl stated the way the current agreement is written, it does not restrict where the water can be delivered to as we would have no way to monitor and enforce that.

**President Halleran recused himself from this discussion.**

**B. Consider Approval of General Contractor for the Community Center Remodel Project**

Ms. Dworak updated the Board on the Community Center Remodel project, and stated that bid invitations for the remodel were sent to 14 general contractors and of those, 6 contractors were interested in reviewing the plans and attended the pre-bid meeting held on 8/25/17. On October 16, 2017, five bids were received.

Ms. Dworak further stated the project cost for construction has exceeded the architect's preliminary estimate prepared last February by approximately \$275,000. A few factors are contributing to this overage: project location, type of project and the current construction climate with manpower shortages.

Ms. Dworak stated the low bidder is Reliance Build, Inc. (RBI) who has completed many diverse projects in their 24 years and has a good reputation with repeat clients. Ms. Dworak further stated due to their complete bid, experienced project team and attention to detail, staff recommends that the Board authorize contract negotiations with RBI in order to refine the project line items and schedule and also research value engineering ideas to present to the Board for potential approval in November.

Treasurer Mullarkey stated the increase is a lot and asked that Ms. Dworak bring back some alternatives for cost reductions that may limit the scopes and Ms. Dworak stated yes, we can research cost savings but to keep in mind it can cost more money down the road if we split this into two projects.

Ms. Kohl suggested we list items out in a menu format so the Board can see what the cost implications are for certain components of the scope and then the Board can make a decision whether or not to include those going forward.

Director Balzer inquired if the changes requested by the instructors were in this budget and Ms. Dworak stated no, that staff and RBI would discuss solutions to those requested changes.

Secretary Cotton stated he is in agreement with Treasurer Mullarkey and would like to see the menu.

Director Halleran stated he feels uneasy at this point as we've been discussing this for a few years and now costs are almost fifty percent more but he agrees on seeing a menu as well to look at ways of reducing costs.

Mr. Shearer stated there is a \$235,000 uptick in the enhancement fund balance at the end of the third quarter from what was forecasted and we are still estimating that the minimum balance in the enhancement fund will be around around \$300,000 as we move towards the completion of the other master plan projects.

Director Halleran inquired if this affects the timing of other projects and Mr. Shearer stated there are no changes to the approved master plan schedule but it does extend the Community Center project out about a few months.

Seth Nichols, resident and yoga instructor, asked that the Board postpone this until there are more discussions and input from instructors and residents.

**Vice President McKenzie made a motion approve to proceed with contract negotiations for the community center remodel project with RBI in order to refine the project line items and schedule and research value engineering ideas, and to bring back a final contract award recommendation to the Board at a future meeting. Treasurer Mullarkey seconded. Voting took place; the motion passed unanimously.**

## **NEW BUSINESS**

### **A. Consider Adoption of the Board's 2017-2018 Strategic Priorities and Core Services Definition**

Ms. Kohl stated the Board met to conduct its annual strategic planning session and discussed the need to define the core services of the ACC. Ms. Kohl further stated the core services and programs are, by definition, the top priority of the Anthem Community Council (ACC). In general, the ACC's core services relate to maintenance, preservation and enhancement of Anthem's common assets, amenities and infrastructure. The ACC endeavors to provide core services in a manner that ensures fiscal stability and sustains and/or improves the quality of life for Anthem

residents. This definition is intended to be static; while it should be reviewed annually, changes should be minimal and should reflect the evolving needs of the community and the role of the ACC.

Director Kesselman stated the core services definition is too generalized and asked that next time, it be narrowed down. Treasurer Mullarkey suggested moving all secondary services to a separate page.

Vice President McKenzie stated he's in agreement with Director Kesselman and Treasurer Mullarkey and thanked Ms. Kohl for doing a great job. Vice President McKenzie further stated that the core services should be shortened and he will volunteer to work on an updated document to try and get it on one page if possible.

President Willis stated staff did a great job on this and we see that they are extremely busy doing many things so we need to be cognizant of this moving forward.

Ms. Kohl stated if she removes all of the background material on the first and second pages, the list of core services is one page so we will restructure the format if this is approved.

Director Halleran stated if this is too generalized, then it's the Board fault as we had a lot of time to discuss this and staff did a great job.

**Vice President McKenzie made a motion to approve adoption of the board-developed strategic priorities for the Anthem Community Council for 2017-2018 and core services definition. Director Kesselman seconded. Voting took place; the motion passed unanimously.**

**B. Consider Approval of Resolution 2017-R-9, Approving the Anthem Community Council 2018 Operating Budget**

Ms. Kohl stated ACC staff presented a 2018 Operating Fund budget that is balanced and does not include an increase in assessments. The Board and the Fiscal and Resource Management Committee have reviewed the budget, including at a public meeting on Oct. 2.

Ms. Kohl stated due to increased costs in many of the above areas, we had to trim over \$515,000 in 2018 budget requests in order to reach balanced. Factors that necessitate consideration of a potential assessment increase in 2019 include trends and impacts described in the budget memo, the anticipated increased obligation to fund the Reserve, the upcoming fee study, and increased maintenance costs.

President Willis thanked the staff for all of their hard work on the budget.

**Vice President McKenzie made a motion to approve Resolution 2017-R-9, approving the Anthem Community Council 2018 Operating Budget. Director Halleran seconded.**

**Director Balzer recommended an amendment to the motion that an assessment increase of \$3.00 per month start in 2018 which would be allocated to the Reserve Fund to begin to bolster that to where it's expected to be needed in 2019 and thereafter. Vice President McKenzie seconded.** Discussion ensued.

Director Halleran inquired where Director Kesselman came up with the \$3 per month and Director Kesselman stated it's somewhat arbitrary and is roughly three to four percent of our dues.

Director Kesselman stated he sees no harm in starting the increase in 2018 and Director Halleran stated he disagrees as we discussed this last month and it was noted we would not be proposing an increase in 2018. Director Halleran further stated residents in attendance at last month's meeting heard this and Director Halleran stated he also informed residents we would not be doing assessment increases in 2018.

Director Halleran stated without a concrete reason we should go forward with what what's been proposed by staff and start early discussions of the assessment increase next year.

Ms. Kohl stated when we discussed a possible assessment increase in 2014, there was significant community dialogue and there was an opportunity for residents to review the budget and proposed increase and an explanation of why we are requesting the increase. Ms. Kohl suggested that the Board start the dialogue early next year as it allows the opportunity to make your decision based on what Mr. Greenstein is currently working on and it will allow the Board to decide if they wish to do an upfront increase or spread it out.

Director Kesselman withdrew his amended motion.

The Board considered the original motion. **Voting took place; the motion passed unanimously.**

There being no further business to discuss, the meeting adjourned at 9:24 p.m.

Respectfully Submitted,  
Kim Bodary  
On Behalf of the Anthem Community Council Board of Directors