

CITY OF BUCKEYE  
SPECIAL COUNCIL MEETING  
MARCH 19, 2015  
MINUTES

City Council Chambers  
530 E. Monroe Ave.  
Buckeye, AZ 85326  
2:00 p.m.

**1. Call to Order/Roll Call**

Mayor Meck called the meeting to order at 2:00 p.m.

Members Present: Councilmember Garza, Councilmember Strauss (via telephone), Councilmember Hess, Councilmember McAchran, Councilmember Heustis (via telephone at 3:00 p.m.), Vice Mayor Orsborn and Mayor Meck.

Members Absent: None.

Departments Present: City Manager Stephen Cleveland, City Attorney Scott Ruby, City Clerk Lucinda Aja, Assistant to Council Carol Conley, Fire Chief Bob Costello, Finance Director Larry Price, Water Resources Director Dave Nigh, and Information Technology Director Greg Platacz.

**2. Action Resolution No. 21-15 A Resolution of the City of Buckeye Authorizing Acquisition, by Donation, Purchase, or Through the Exercise of the Power of Eminent Domain, of the Water Utility Systems and Tangible and Intangible Utility Assets Located Within and Without the Boundaries of the City of Buckeye of the Valencia Water Company, Inc. and Water Utility of Greater Buckeye, Inc., Town Division and Greater Buckeye Division, Water Company W-01212A, Including Former W-02451A, which Water Companies are Owned by West Maricopa Combine, Inc., and Authorizing All Necessary Acts to Accomplish Said Acquisition; and Declaring an Emergency**

Mr. Nigh provided an overview of the request to authorize acquisition of the Global Water Resources "Global" assets in the City of Buckeye. Global has requested the assets be acquired through a condemnation method. Service area maps were displayed. The City is interested in acquiring Global for several reasons including the ability to provide water to residents at the City's quality standards, enhancing system reliability, taking advantage of economies of scale, and economic development. With the acquisition the City will acquire approximately 7,000 new customers, additional properties and infrastructure, and 12 Global employees. Financial reports have been compiled, assets have been verified, and contracts have been reviewed by legal staff; City staff has completed significant research to ensure the acquisition is in the best interests of the City. Financial terms were listed and discussed; the purchase price Global is \$55 million paid at closing and \$3,000 per new account payable for 20 years, with a maximum amount of \$45 million. A cash flow overview was presented; it is anticipated the City will generate \$500,000 in revenue the first year. All customers of Global will transition to City water rates in January, 2016. There will be a capital outlay requirement to connect systems and make improvements. The City will contract with Fathom for transition services. A timeline of events are listed; it is anticipated the final closing will take place in August, 2015. Mr. Price provided a pro forma cash flow income statement representing estimates of expenses and revenues to operate the Global Water System. Contracted meter reading and billing services will be required. Global customers will have equalized rates effective with January 2016 billings. Capital Outlay is necessary to connect the two systems; unification of the systems creates higher quality water, better Fire protection, and enables the City to more easily react to future development opportunities. Water Impact Fees and Infrastructure Improvement Plan will be updated in the Global service area. The excise tax pledge will be utilized for

financing of the purchase; excise tax debt service was discussed. A schedule describing excise tax and State Shared Revenue collections was presented; expected estimates will cover the cost of excise tax debt service and required coverage covenant ratio. Slide forecasts through Fiscal Year 2018-2019 were provided and discussed. Ron Fleming (Global Water Resources) clarified the active subdivisions within the Valencia Water Company service area; Blue Hills, Watson Estates, and Crystal Vista. Water rates adopted by the City of Buckeye and the purchase of Global are not related; water rate increases were approved separate from discussions related to Global. Extensive discussions regarding the purchase of Global have taken place for a period of time; participants in discussions were bound by a Non-Disclosure Agreement and statutes regulating Executive Sessions. Mr. Price provided information related to the estimated interest rate of approximately four percent that will be paid on the bonds. Discussion was held regarding the City's ability to pay the debt. A motion was made by Vice Mayor Orsborn and seconded by Councilmember Hess to approve Resolution No. 21-15, a resolution of the City of Buckeye authorizing acquisition, by donation, purchase, or through the exercise of the power of eminent domain, of the water utility systems and tangible and intangible utility assets located within and without the boundaries of the City of Buckeye of the Valencia Water Company, Inc. and Water Utility of Greater Buckeye, Inc., Town Division and Greater Buckeye Division, Water Company W-01212A, including former W-02451A, which water companies are owned by West Maricopa Combine, Inc., and authorizing all necessary acts to accomplish said acquisition; and declaring an emergency. Councilmember Heustis was unavailable to vote; the telephone call was disconnected. Motion passed unanimously.

**3. Action Settlement Agreement for Stipulated Condemnation by and among Global Water Resources, Inc., Global Water, LLC, West Maricopa Combine, Inc., Valencia Water Company, Inc., Water Utility of Greater Buckeye, Inc., and City of Buckeye**

Mr. Ruby provided information related to the Settlement Agreement. If approved, a condemnation action will be initiated by the City. A motion was made by Vice Mayor Orsborn and seconded by Councilmember Hess to approve the Settlement Agreement for Stipulated Condemnation by and among Global Water Resources, Inc., Global Water, LLC, West Maricopa Combine, Inc., Valencia Water Company, Inc., Water Utility of Greater Buckeye, Inc., and City of Buckeye. Motion passed unanimously.

**4. Adjournment**

A motion was made by Vice Mayor Orsborn and seconded by Councilmember Hess to adjourn the meeting at 3:14 p.m. Motion passed unanimously.

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Jackie A. Meck, Mayor

ATTEST:

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Lucinda J. Aja, City Clerk

I hereby certify that the foregoing minutes are a true and correct copy of the Special Council Meeting on the 19th day of March, 2015. I further certify that a quorum was present.

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Lucinda J. Aja, City Clerk