REGULAR TOWN COUNCIL MEETING MINUTES
TOWN OF CAVE CREEK, ARIZONA
Tuesday, September 15, 2026

CALL TO ORDER 5:06 P.M. Mayor Morris, 37622 N. Cave Creek Road, Cave Creek, AZ

Silent Roll Call: Teresa Riza, Deputy Town Manager/Town Clerk

Council Present: Mayor Robert Morris, Vice Mayor Kathryn Royer, Tom Augherton, Cynthia Driskell, Joe Freedman, Thomas McGuire (via video), and Dusty Rhoades

Council Absent: None

Staff Present:		
	Town Manager	Grady E. Miller
	Town Attorney	Bill Sims
	Deputy Town Manager/Town Clerk	Teresa Riza
	Communications & Public Affairs Director	Bo Larsen
	Utilities Director	Shawn Kreuzwiesner
	Development Services Director	Luke Kautzman
	Deputy Town Manager/Finance Director	Cherie White
	Town Engineer/Public Works Director	Hal Marron
	Administrative Services Director	Carla Reece

PLEDGE OF ALLEGIANCE

Led by Mayor Morris

PUBLIC ANNOUNCEMENTS

There were none.

TOWN MANAGER REPORT

There were none.

CALL TO THE PUBLIC

Eric Fowler, from Chandler and Chair of the Maricopa County Libertarian Party, addressed the Mayor and Council regarding his seven (7) public records requests related to the FLOCK license-plate reader system. He noted that despite requesting written responses by September 27, 2026, on each outstanding item listed in his August 26, 2026, email, he has received no new records, denials, or communications, and his requests have now reached 90 days, far exceeding the stated average of eight (8) days.

Mr. Fowler cited ARS 39-121 and 39-121.01, emphasizing that failure to promptly provide records or an index of withheld materials constitutes a denial under state law. He stated that key

documents remain unproduced, including the executed contract, procurement records for the Motorola quote, the town attorney's correspondence, and audit logs for a surveillance system shared with more than 60 agencies and terminated only recently. He warned that some records, particularly audit logs, are perishable as the FLOCK account closes unless the town instructs the vendor to preserve them.

Mr. Fowler requested that the clerk be directed to provide written responses by October 6, 2026, by either producing the record, stating it does not exist, or citing a specific exemption for each item as well as confirming that FLOCK has been instructed to retain the audit logs. He reiterated that if deadlines continue to lapse, he will pursue relief through the Ombudsman's Citizens' Aid and, if necessary, Superior Court, noting that he seeks transparency rather than litigation costs for Cave Creek taxpayers. Mr. Fowler concluded by referencing the Mayor's February statement that the town must "win the argument on the merits with full transparency." Mr Fowler asserted that transparency requires producing records, not issuing press releases.

Jim Grubb announced a community event supporting Proposition 440, noting that Carlos Nakai and his trio will perform a free concert on October 3, 2026, at the Cactus Shadows Fine Arts Center. The invitation, read aloud, welcomes Cave Creek voters, families, and friends to celebrate open-space acquisition and highlights the internationally recognized musicians who will perform. Each Cave Creek voter is eligible for two free tickets, and the website for reservations is yesonprop440.com. The speaker expressed personal enthusiasm for Nakai's music and its connection to the spirit of open-space preservation. Mr. Grubb acknowledged Mayor-elect Katherine Royer, for agreeing to speak at the event. Mayor-elect Royer clarified that her participation would be limited to presenting information about the town's 405 open-space efforts, not advocating for or against the initiative. He confirmed that such neutrality was acceptable and concluded by emphasizing the importance of community collaboration in advancing open-space preservation.

Bill Basore addressed the Mayor and Council to reiterate opposition to selling the town's water company, emphasizing that Cave Creek incorporated more than 40 years ago to maintain local control, particularly over water, its most valuable resource. He noted that before the town acquired the system, residents depended on privately held water companies regulated by the Arizona Corporation Commission, and the town ultimately used eminent domain, with voter approval, to bring the utility under municipal ownership. Mr. Basore argued that no statutory framework exists for towns selling water systems to private entities because such sales are virtually unheard of. He reviewed the town's financial history, recalling that Cave Creek once carried significant debt but later stabilized financially, including through development requiring additional infrastructure investment.

Ms. Basore stated that the water utility is not causing financial strain, noting the town's $41 million in reserves and characterizing the difference between service cost and rates charged as "savings" for residents. He concluded by asserting that every dollar paid for water service has remained within Cave Creek rather than going to private shareholders, and urged the Council to reject any proposal to sell the water company.

PRESENTATION:

State Trust Land Update by Luke Kautzman, Development Services Director and RJ Cardin, Former Maricopa County Parks Director.

Development Services Director, Luke Kautzman, along with former Maricopa County Parks Director, R.J. Cardin, presented an update on the town's ongoing efforts to acquire 405 acres of Arizona State Trust Land for conservation. Mr. Kautzman noted that the application was submitted shortly after the March 31, 2026, Council meeting. The initial staff review by the Arizona State Land Department (ASLD) has been completed. Additional biological, cultural, and environmental studies have been requested. The town has contracted Logan Simpson to prepare these reports which are currently in draft form. The town also engaged the Ever Allen Group to complete Alta surveys and land title work, anticipated to be completed by December 2026.

Mr. Kautzman further explained that the town is also working with ASLD to identify future rights-of-way to ensure legal access to adjacent state parcels slated for future residential development. Once all required materials are uploaded, ASLD will proceed with a due-diligence review and a new appraisal. He highlighted the broad coalition of agencies and partners involved and recognized key community contributors for their ongoing support.

R.J. Cardin reported on efforts to involve Maricopa County in both potential land acquisition and future management of the 405-acre State Trust Land conservation project. He described a productive September 7, 2026, meeting with the county manager, assistant county manager, parks and recreation director, and Supervisor McGee, noting that while upcoming elections and budget considerations introduce variables, county leadership expressed willingness to partner once those factors settle. Mr. Cardin stated that he and Mr. Kautzman will meet again with the county parks director later in the month to begin by outlining a memorandum of understanding and potential intergovernmental agreement.

Mr. Cardin also updated the Council on the Land and Water Conservation Fund grant application submitted July 31, 2026, for $2 million, noting that the Council would be asked to authorize a resolution supporting the grant. He reported that Arizona State Parks received over $17 million in requests despite having only $9 million available, making the cycle highly competitive, but he expressed confidence that Cave Creek will receive an award when the State Parks Board considers applications in December.

Mr. Kautzman reported on ongoing fundraising coordination for the 405-acre State Trust Land acquisition, noting that Bo Larson and the presenter are meeting regularly with a stakeholder group and representatives from the Desert Foothills Land Trust to outline a fundraising strategy. This includes developing quick-reference materials for volunteers and finalizing a public-facing website intended to provide project updates, accept contributions, and help broaden financial support for the acquisition. Mr. Kautzman explained that diversifying funding sources will help reduce the amount of long-term financing the town may need. He noted that the website incorporates testimonials and input from multiple contributors and will be announced once live.

Mr. Kautzman also emphasized that several variables continue to affect the project timeline, including Maricopa County's November ballot measure related to its prison tax, which

influences county budget flexibility, and the timing of the Land and Water Conservation Fund grant cycle. Because the LWCF grant requires identifying specific parcels totaling $4 million in appraised value, only three of the twelve tracts are eligible under that program. Based on recent discussions with the Arizona State Land Department, an auction could occur as early as July, though August is more likely, with pros and cons associated with each timeline. The presenter concluded by outlining alternative approaches, including proceeding with auction only for the LWCF-eligible parcels, depending on how grant and partnership timelines align.

In response to Council Member inquiries, Mr. Cardin clarified that LWCF grants are not processed in a first come, first served manner; instead, all applications submitted by the July 31st deadline are placed into a single review pool and rated competitively. In prior years, when fewer applications were received, late submissions were sometimes accepted, but due to significantly increased demand, Arizona State Parks now enforces a firm deadline.

Mr. Kautzman explained that, based on recent discussions with the Arizona State Land Department (ASLD), the auction for the State Trust Land parcels could occur as early as July, though August is more likely if the current timeline holds. If the town receives the full $2 million Land and Water Conservation Fund (LWCF) grant, it would significantly reduce the financing required for the acquisition. He outlined the advantages and disadvantages of a July versus August auction date, noting that an earlier auction shortens the window for Maricopa County to formally participate but accelerates completion of the project, which was the direction given by Council in March.

Mr. Kautzman also described alternative approaches, including proceeding only with the auction of the LWCF-eligible parcels. Under LWCF rules, the town must identify specific parcels totaling $4 million in appraised value, which correspond to three of the twelve tracts; the northwest parcel, the adjacent parcel described visually as resembling a “bitten-up pizza,” and the parcel located below Spur Cross. He clarified that LWCF funding applies only to these designated parcels and cannot be spread across all twelve tracts.

Council Questions/Comments:

In response to Council Member inquiries, Mr. Cardin and Mr. Kautzman noted that the specific locations associated with certain future requirements are not yet known but will be identified as the process continues. These locations are not limited to Maricopa County, as the Land and Water Conservation Fund is a statewide grant program and eligible sites may be located anywhere within Arizona.

Mayor Morris sought clarification regarding a listed “con” noting that proceeding with a single, full acquisition would limit the town’s ability to apply for additional grant funds. Mr. Cardin explained the Land and Water Conservation Fund (LWCF) requires grant-eligible parcels to be separated into distinct groups, each supported by its own appraisal and auction. If the town acquires all twelve parcels at once it cannot reuse the same acquisition for future LWCF grant applications. Mr. Cardin confirmed that to pursue additional LWCF funding, the town would need to divide the land into separate parcel groups and conduct multiple auctions, each tied to a separate grant request.

Mayor Morris inquired if Maricopa County had provided any update on pursuing its own Land and Water Conservation Fund (LWCF) grant. Mr. Cardin responded that no update had yet been received and that further discussions were planned for later in the month. He explained that if the county pursued an LWCF grant, the town would need to separate eligible parcels near Cave Creek Regional Park and conduct a separate auction, which is a disadvantage of that approach. Mr. Kautzman added that the town's existing application covers all twelve parcels but can be amended if needed. Mayor Morris confirmed that the rodeo grounds remain part of discussions with the county.

Council Member Augherton raised concerns about subdividing the acquisition, emphasizing the importance of protecting Spur Cross Ranch and suggesting that parcels three and four combined valued roughly $4.1 million, should be prioritized if the acquisition were ever broken into subsets. Mr. Cardin clarified that LWCF eligibility is based on parcel location and appraised value, and that parcels one, two, and three were selected because they collectively meet the $4 million requirement and align with State Land Department preferences. Mr. Cardin noted that LWCF funds could still function as a "down payment" toward the full 4005-acre purchase, even if tied to specific parcels, and that staff is exploring creative options, including potential intergovernmental agreements, to avoid piecemeal acquisition. Mr. Kautzman reiterated that multiple alternatives are being evaluated and will be brought back to Council as they develop. Mayor Morris concluded by noting the town's strong financial position, with approximately $41 million in reserves, stating that Cave Creek is well-positioned to complete the acquisition with or without financing.

Mr. Kautzman concluded the presentation with an overview of next steps, noting that multiple variables and potential pathways remain in play. He stated that council authorization of the resolution on the agenda is required to continue pursuing the Land and Water Conservation Fund grant. Staff will proceed with planning and analysis of future rights-of-way in coordination with the Arizona State Land Department, continue evaluating options as timelines and external factors become clearer, and refine funding strategies. The town will learn the final LWCF grant award amount in December, to which Mr. Kautzman expressed confidence in the strength of the application. He also reported that monthly meetings with Maricopa County leadership will be established to explore partnership opportunities. Fundraising and donation efforts are expected to begin once the project website goes live. He added that the town may amend or submit additional applications to the State Land Department as needed. Staff will return to Council in November, after the election, with updated information regarding both county feasibility and Cave Creek's own ballot measure.

Mayor Morris commented on the county's focus on renewing the existing jail tax, noting that its failure would create significant financial challenges for Maricopa County, which already faces long-standing fiscal pressures related to the Sheriff's Office. He emphasized the importance of the town's partnership with the county, citing their role in providing law enforcement services, managing Spur Cross, assisting with the acquisition of the 30.6-acre parcel and the original Spur Cross purchase, collaborating on the rodeo grounds, operating the transfer station, and now participating in discussions regarding the 4005-acre open-space effort.

Mayor Morris stated his personal intention to vote in favor of the jail tax and thanked members of the committee for their work, acknowledging recent graphics and materials produced for the project. He also expressed appreciation for staff and stakeholders, noting the significant level of activity, coordination, and partnership involved in advancing the open-space initiative.

Bill Basore commented that Cave Creek holds the exclusive authority to call for an auction on the State Trust Land parcels, meaning no private developer can initiate an auction independently. He explained that acquiring even one parcel would satisfy the town's 160-acre requirement and trigger an extension under existing agreements. He also referenced discussions from the ad hoc committee, where it was confirmed that the town could partner with Maricopa County or the Desert Foothills Land Trust during an auction, allowing joint participation and strengthening the town's position. He stated that these factors provide assurance that Cave Creek has strong, viable pathways to secure the full 405 acres and invited clarification if any of these conditions have changed.

Council Member McGuire commented that this resolution is about relationships that have been built, along with a unified community effort that are critical and help define Cave Creek.

PROCLAMATION(S):

1. None

ACTION ITEMS:

A. CONSENT AGENDA

1. **Council discussion and possible motion to recommend to the State Liquor Board approval of a Series 12 Restaurant Liquor License for Cowboy Pizza & Brunch, 6920 Cave Creek Rd., Cave Creek, AZ 85331.**

Motion: Council Member Driskell; *Motion to Approve the Consent Agenda*.
Second: Vice Mayor Royer

Ayes: Council Members Augherton, Driskell, Freedman, McGuire, Rhoades, Vice Mayor Royer, Mayor Morris
Absent: None

The motion passed 7 to 0 by voice vote.

B. GENERAL AGENDA ITEMS

1. **Council discussion and possible approval of Resolution 2026-19 approving staff to submit a grant application to the Arizona State Parks and Trails for a Land and Water Conservation Fund Grant for the purposes of acquiring State Trust land.**

Development Services Director, Luke Katzman and RJ Cardin, Former Maricopa County Parks Director reported that the resolution before Council pledges a

dollar-for-dollar match for any funding awarded through the Land and Water Conservation Fund grant, up to a maximum of $2 million. It was noted that the town's open-space acquisition account already contains sufficient funds to cover the full match should Cave Creek receive the entire $2 million grant award.

Council Questions:
There was none.

Public Comment:
There was none.

Motion: Council Member McGuire, *Motion to Approve Resolution 2026-19 approving staff to submit a grant application to the Arizona State Parks and Trails for a Land and Water Conservation Fund Grant for the purposes of acquiring State Trust land*
Second: Council Member Freedman

Council Comments:
Council Member Tom McGuire stated the open-space acquisition effort is an excellent initiative and emphasized that it has progressed across multiple councils over many years through strong cooperation among Maricopa County, town staff, and engaged residents. He noted that this collaborative approach has been extremely beneficial to Cave Creek and expressed appreciation for the continued hard work of all involved.

Ayes: Council Members Augherton, Driskell, Freedman, McGuire, Rhoades, Vice Mayor Royer, Mayor Morris
Absent: None

The motion passed 7 to 0 by voice vote.

2. **Council discussion and possible approval of Resolution 2026-20 amending and extending the intergovernmental agreement (IGA) between the Town of Cave Creek and Maricopa County for the management of Spur Cross Ranch Conservation Area.**

Luke Kautzman, Development Services Director and RJ Cardin, Former Maricopa County Parks Director explained that the original IGA expired in 2021 and has since operated under a temporary handshake agreement while formal extension documents were prepared. The resolution establishes a new expiration date of 2061 and maintains the longstanding provision allowing Cave Creek residents free access to Spur Cross, aside from a nominal administrative fee.

Council Questions / Comments:
In response to council questions, staff confirmed that no significant changes were made to the agreement; the extension simply continues the existing terms through 2061. Mr. Kautzman confirmed that the yearly cost remains unchanged at approximately $216,000, noting that the agreement requires the county to report its administrative and maintenance costs annually and

allows adjustments if management expenses increase. He clarified the $1.00 administrative fee per year remains in place for residents to access Spur Cross.

Public Comment:
There was none.

Motion: Council Member Driskell, *Motion to Approve Resolution 2026-20 amending and extending the intergovernmental agreement (IGA) between the Town of Cave Creek and Maricopa County for the management of Spur Cross Ranch Conservation Area*
Second: Council Member Freedman

Council Comments:
- Council Member Driskell remarked that the recent Spur Cross anniversary celebration underscored the importance of maintaining a strong partnership with Maricopa County, noting that the extended intergovernmental agreement helps preserve that relationship and supports shared stewardship of the conservation area. Council Member Freedman agreed.
- Council Member McGuire emphasized that the long-standing cooperation among the town, the county, and residents has been central to Spur Cross's success.
- Vice Mayor Royer expressed gratitude for the county's continued collaboration.

Ayes: Council Members Augherton, Driskell, Freedman, McGuire, Rhoades, Vice Mayor Royer, Mayor Morris
Absent: None

The motion passed 7 to 0 by voice vote.

3. Council discussion and possible approval of Resolution 2026-21 granting assignment and assumption by RMGC Hideaway, LLC.of the amended and restated agreement for effluent reuse and water supply for Rancho Mañana Golf Course.

Town Manager, Grady Miller, presented the resolution acknowledging the assignment and assumption provisions contained in the amended and restated effluent-reuse and water-supply agreement for the Rancho Mañana Golf Course. With the sale of Rancho Mañana scheduled to close at the end of the month, the agreement requires formal recognition that its terms transfer to the new ownership group. Town Manager Miller explained that this action is largely procedural, as the existing contract already provides for assignment to a successor owner. It was noted that the incoming ownership group is understood to be based in Texas.

Public Comment:
There was none.

Motion: Mayor Morris, *Motion to Approve Resolution 2026-21 granting assignment and assumption by RMGC Hideaway, LLC.of the amended and restated agreement for effluent reuse and water supply for Rancho Mañana Golf Course*
Second: Vice Mayor Royer

Council Comments:

- Mayor Morris stated this item is straightforward, noting that the resolution simply allows the existing effluent-reuse and water-supply agreement for Rancho Mañana to be assumed by the new ownership without any changes, a standard practice when a property with contractual obligations is sold. He acknowledged ongoing challenges related to water-use reductions at the golf course and expressed the town's interest in working collaboratively with the incoming owners to find mutually beneficial solutions, emphasizing that efficient water management is in both parties' best interests.
- Vice Mayor Royer noted it is a standard business manner, and we need to move forward.
- Council Member McGuire added that Rancho Mañana has long been an important part of the community, and the town looks forward to maintaining a positive relationship with the new ownership.

Ayes: Council Members Driskell, Freedman, McGuire, Vice Mayor Royer, Mayor Morris
Nay: Augherton
Abstain: Rhoades
Absent: None

The motion passed 5 to 2 by voice vote.

4. **Council discussion and possible approval to authorize a Second Amendment to the Professional Services Agreement between the Town of Cave Creek and GHD Inc., to assist with modifying the operating permit for the Town's Water Treatment Plant, for an amount not to exceed $69,361 and authorize the Town Manager and staff to execute the necessary documents.**

Utilities Director, Shawn Kreuzwiesner, offered a detailed history of the water-treatment plant's membrane system and the regulatory steps that led to the current request for a second amendment to the GHD engineering contract. He explained that the town initially leased the Paul membrane treatment trailers in late 2019, later purchasing them in 2020 after the plant's permit was modified and required a temporary membrane-integration project with a four-year testing period. As the permit approached expiration in 2024, the town engaged GHD to work with Maricopa County Environmental Services on converting the temporary authorization into a permanent permit.

Changes in county staff resulted in delays and additional technical requirements, including piping modifications, chemical-storage improvements, and safety upgrades. GHD completed an alternatives analysis confirming that the membrane trailers should remain in place, as they cannot be relocated into the plant building without dismantling them. The county has now approved the scope of required site modifications, and GHD is preparing final design drawings for county review. The town must obtain construction approval by year-end and will have 18 months to complete the work. The county also requested installation of a chlorine analyzer at the Neary site to ensure proper contact-time compliance, an element not required when the plant was originally built in 2008.

Mr. Kreuzwiesner noted that the county is now considering reclassifying the plant back to direct filtration, reversing the 2014 reclassification that originally prompted the membrane project. Once design is complete and a contractor is selected, a final amendment will be brought forward for construction-administration services. The amendment before Council totals $9,000, with $138,000 in work completed to date. He stated that this amendment will allow GHD to finish the design phase and position the town to close out the permit once construction is complete.

Council Questions:
Mayor Morris questioned if the amount of oversite and the detail appropriate to what their charge is or are we being helpful. Mr. Kreuzwiesner the staff we are working with have been "more than helpful," for the town.

Public Comment:
There was none.

Motion: Council Member Rhoades; *Motion to Authorize a Second Amendment to the Professional Services Agreement between the Town of Cave Creek and GHD Inc., to assist with modifying the operating permit for the Town's Water Treatment Plant, for an amount not to exceed $69,361 and authorize the Town Manager and staff to execute the necessary documents.*
Second: Mayor Morris

Ayes: Council Members Augherton, Driskell, Freedman, McGuire, Rhoades, Vice Mayor Royer, Mayor Morris
Absent: None

The motion passed 7 to 0 by voice vote.

5. **Council discussion and possible approval to authorize a Second Amendment to the Professional Services Agreement between the Town of Cave Creek and GHD Inc., for the design, permitting and construction administration support required to repair a 10-inch sewer line crossing Andorra Hills Wash, for an amount not to exceed $40,393 and authorize the Town Manager and staff to execute the necessary documents.**

Utilities Director, Shawn Kreuzwiesner, presented an update on the Andora Hills sewer-crossing project, explaining that the 10-inch ductile-iron line located east of Cave Creek Road conveys all flow from the two 8-inch core lines across the wash to the lift station. Through master-planning work, the town determined that the manholes in the wash have settled due to unstable foundations, reducing gravity flow and overall system capacity. Although design work began in 2023 under an initial $47,600 contract, progress was delayed when funding had to be redirected to emergency repairs on the Rancho Mañana force main. Subsequent geotechnical analysis confirmed the need for new manholes with larger spread footings to prevent future settlement.

After re-engaging Maricopa County Flood Control, the county requested a scour analysis to ensure the replacement work would not worsen erosion in the wash; the proposed $40,000 amendment includes this analysis and up to $10,000 in mitigation if needed. The amendment

also covers completion of design and construction-phase administration. Mr. Kreuzwiesner noted that the town has identified a new job-order contractor for sewer repairs and will begin developing cost estimates to determine whether construction can occur with current-year funding or will need to be re-budgeted in the fall. The goal is to complete permitting this year and undertake construction next summer.

Council Questions / Comments:
In response to Council Member inquiries, Mr. Kreuzwiesner explained "scour mitigation" is used by engineers to evaluate how storm flows could erode material in the wash and potentially undermine the sewer line. This would reveal existing protections, such as gabion baskets and a stabilization mat installed in 1990, may need reinforcement. Additionally, he noted that service would remain continuous; contractors would install a temporary bypass pump system to divert flow around the work area. The bypass may require lane closures to accommodate piping, but customers will not experience service disruption.

Public Comment:
There was none.

Motion: Mayor Morris, *Motion to authorize a Second Amendment to the Professional Services Agreement between the Town of Cave Creek and GHD Inc., for the design, permitting and construction administration support required to repair a 10-inch sewer line crossing Andorra Hills Wash, for an amount not to exceed $40,393 and authorize the Town Manager and staff to execute the necessary documents.*
Second: Council Member Driskell

Ayes: Council Members Augherton, Driskell, Freedman, McGuire, Rhoades, Vice Mayor Royer, Mayor Morris
Absent: None

The motion passed 7 to 0 by voice vote.

C. DEPARTMENT / STAFF REPORTS

1. Presentation of Utility Department Quarterly Report by Utilities Director

Utilities Director, Shawn Kreuzwiesner, presented the department's annual performance-measure review and thanked Ryan Hill for his assistance compiling the data. He explained that the metrics reflect three full fiscal years of operational costs and water-use trends across Cave Creek Water, Desert Hills Water, and the Cave Creek Wastewater system. The cost of producing treated CAP water decreased from FY25 to FY26, but he emphasized that the reduction was not a true efficiency gain; instead, it resulted from significant staffing losses since December, including the deputy director, plant supervisor, and distribution supervisor. Those positions had been partially charged to the water-production cost center, so their absence temporarily lowered expenses while leaving the system short-staffed and reliant on remaining personnel to cover shifts.

Desert Hills Water showed increased costs due to multiple well failures that forced the town to transfer more water into the system. Additional operational challenges stemmed from onboarding new staff and a recent failure of Well 3, which may not be recoverable. In the wastewater system, costs rose because the department added a staff position and treated significantly less flow than in prior years. Annual influent dropped from roughly 210 acre-feet to 185 acre-feet, largely due to improved conservation, which increases the cost per thousand gallons treated.

Mr. Kreuzwiesner then reviewed average water-consumption trends. Cave Creek Water saw a modest decrease in residential use following completion of the meter-upgrade project and full deployment of AMI, which allows staff to detect leaks quickly and notify customers before large losses occur. Non-residential consumption also declined slightly. In Desert Hills, residential consumption dropped despite AMI not yet being fully implemented; approximately 10% of customers benefit from AMI overlap, and staff have been more proactive in identifying leaks. Non-residential consumption increased sharply due to two isolated events: a temporary switch by the polo-field operator to town water after their well failed, resulting in nearly 800,000 gallons used in a single month and erratic usage patterns at the local school. He noted that because Desert Hills has very few non-residential accounts, a single large event can significantly skew annual averages. Overall, the department is seeing encouraging downward trends in water use and continues to prioritize conservation as a central operational goal.

Mr. Kreuzwiesner continued discussing the performance-measures by reviewing system losses, explaining that the department tracks both revenue water and non-revenue water, including flushing and leaks. He noted that Cave Creek's system layout particularly its long dead-end lines requires routine flushing to maintain water age and quality. In past years, leaks made up most of the loss volume, but recent investments in equipment such as vacuum trailers have enabled staff to respond more quickly to service-line and mainline leaks, significantly reducing leak-related losses. Most current losses now stem from required flushing rather than leaks, and overall losses represent just over 1% of total production.

Council Questions / Comments:
In response to council inquiries, Mr. Kreuzwiesner explained three sources of water are sent to the Rancho Mañana golf course and under contract they are billed for water that is withdrawn from the lakes for irrigation. The town cannot bill for water that was delivered and not used under ADWR accounting rules, and the discrepancy is reflected in the system's non-revenue water. He explained the challenges with recovering water from hydrant flushing.

The meeting continued covering ongoing water-loss concerns, interconnect operations, capital project updates, system maintenance, development activity, conservation planning, and long-term water resource outlooks. Mr. Kreuzwiesner explained that while the overall system experiences 7.1 percent non-revenue water, the 5 percent charge at the 24th and Cloud Road interconnection reflects standard treatment and transmission loss specific to that site. Broader losses stem from meter inefficiencies, particularly the malfunctioning CAP insertion meter that has been under-reporting for years and recently began over-reporting; its installation prohibits safe removal without excavating the pipeline. Losses associated with Rancho Mañana lakes further inflate Cave Creek's water-loss metrics, and both issues must be resolved to reduce non-revenue water.

Groundwater recharge is not currently feasible, as only state-approved facilities qualify for credits, and prior attempts were blocked due to the town's shallow aquifer. Staff are exploring alternatives to reduce flushing losses, such as the No-DES recirculation system, though the technology is not yet widely deployed and contractor mobilization would cost about $30,000. Directional flushing may also help but requires additional staff. Desert Hills experiences significantly less flushing-related loss due to fewer dead-ends and more customers per mile of pipe, resulting in under 2percent water loss. Septic system repair and new installations show emerging clusters near Black Mountain and Canyon Ridge, informing future decisions on activating expensive dry sewer areas, estimated at about $7.5 million to extend infrastructure.

Significant progress was reported on the City of Phoenix interconnect project, despite delays from broken 16-inch and 20-inch valves on Phoenix's system and supply-chain issues affecting booster pump variable frequency drives, with replacement parts expected in mid-October. Once complete, Phoenix will assume fire and domestic service south of Carefree Highway. On the town's side, multiple permits are being finalized, and work continues to complete the 16-inch line connection. Booster pump issues identified during commissioning are being addressed through separate permitting to avoid further delays. Staff emphasized that the project is nearing completion and represents major progress for the community. Cave Creek well rehabilitation is underway for the Right, Triangle, and Linda Wells, beginning with the Right Well due to existing electrical infrastructure.

Engineering support is transitioning from Black & Veatch to NCS, a firm better suited to completing new-source approvals and final equipping. Council also approved design-phase services for tree-related modifications, with construction funded by remaining capital allocations. Further system improvements include pressure zone 4 upgrades tied to the interconnect, improved tie-ins for the 16-inch main, and converting portions of pressure zone 1 to zone 4 to resolve low-pressure areas. Booster station upgrades at 38th Street and zone 9 are being prepared for bid now that staffing capacity has increased. Staff also detailed plans to rehabilitate the aging 8-inch line crossing Cave Creek Wash using an internal liner, after several breaks on one of only two pipelines crossing the wash. A pressure-reducing valve in zone 6, long out of service, will be reinstated to resolve excessive pressure in a 2-inch line serving Andora Hills.

The nearing booster site will also be reconfigured once the Phoenix interconnect is active, as current large pumps designed to meet fire flow will be oversized and inefficient. Staff are modeling new equipment needs, likely replacing existing pumps with smaller 500–750 gpm units while retaining electrical gear. Additional improvements at CAP booster stations are planned, including flow meter replacement, electrical upgrades, and pump repairs. Optimization of the CAP pipeline is also underway to better utilize PAL membranes, which minimize waste and reduce backwash water.

In Desert Hills, the Third Avenue/Joy Ranch reservoir project is ready to bid, while Well #3 at the 10th Street site has failed due to casing loss; Clear Creek will evaluate options for redrilling within 660 feet to avoid new-source approvals. A potential alternative well site at the 14th Street reservoir location may offer a deeper aquifer and better long-term production, prompting a cost-benefit evaluation. The town is also advancing a Desert Hills meter replacement effort using

Neptune meters supplied through Ferguson, and cooperative purchasing may reduce labor costs compared to last year's federally bid project. Wastewater maintenance continues, with manhole rehabilitation progressing along Carefree Highway and Cave Creek Road and additional ductile iron sewer line repairs planned on Ranch Mañana Boulevard and Andora Hills. Development activity remains heavy, constrained by staffing shortages; major projects such as Casper Hills and Cahava Springs require frequent inspections, booster evaluations, and coordination on temporary construction water.

Water conservation efforts include a strategic planning partnership with Maddaus Water Management, launched under manager authority to identify priority conservation measures amid prolonged drought. The firm is analyzing metering data, conducting detailed audits, and preparing recommendations to be presented to the Utility Advisory Committee in October. A draft report will follow for council review. Mr. Kreuzwiesner described current limitations in customer-facing water-use comparison tools; the Neptune and Caselle systems do not support comparative usage features, though software modification requests have been submitted. Approximately 500 residential customers currently use the My360 portal, and efforts continue to expand adoption.

ADJOURNMENT

Meeting adjourned by the Mayor Morris at 6:53 PM

_____
Robert Morris, Mayor

Attest:

_____
Teresa Riza, Deputy Town Manager/Town Clerk