



0000084775

W-01303A-07-0209

From: [redacted]@aol.com

Sent: Tuesday, May 06, 2008 9:08 AM

To: Gleason-WebEmail

Subject: Sun City water hearings May 2008 - pt 2 of 2

RECEIVED

2008 MAY -6 A 9:45

AZ CORP COMMISSION  
DOCKET CONTROL

Dear Commissioner. Gleason:

This is the second part of my communication with you. I have tried to be objective, Don Thomson, Sun City resident.

Arizona Corporation Commission  
DOCKETED

MAY -6 2008

DOCKETED BY [initials]

MEMORANDUM

May 6, 2008

To: Arizona Corporation Commission

From: Donald M. Thomson, Jr. ;18 year Sun City resident, VP Condominium Owners Association (SCCOA), mechanical/marine engineer by education, extensive experience in shipboard fire fighting, and former volunteer fireman/I-EMT in Heber-Overgaard, AZ

Subject: (1) Sun City Water District water rate increases  
(2) Fire Flow Improvements and Cost Recovery Mechanism

1. Administrative Law Judge Jane Rodda issued a Recommended Order Opinion on Arizona-American's request for a rate increase and a fire flow cost recovery mechanism (FCRM) for the Sun City Water District. This MEMO addresses these subjects which will have a public hearing on Wednesday May 7, 2008 before the Arizona Corporation Commission (ACC). I will try to attend this hearing.

2. I am very aware that the AC Commission deals with "numbers and dollars", by State mandate. However, I feel that the enclosure, "Some thoughts about Sun City...", that I wrote a month or so ago, offers some relevant sociological and financial realities about Sun City and its residents, today. Simply stated, Sun City is not the same place as it was even 15 years ago, and the people have, in many cases changed (and many have died). When one must live on a fixed income, as many in Sun City do, one not indexed to the CPI, financial hardships of many are a daily and weekly occurrence. I am fully aware that Arizona-American has not been granted an increase in water rates for the last 7 years. However, to attempt to recover in one increase, the last seven years of lost revenue, in just one year, is not realistic, at least for residents of Sun City. Can there be a compromise? I am aware that the Water Company's costs of operation have increased each year. The Company can not operate in the red. Would it be possible to recover the lost revenues over perhaps a four or five year period, instead of in just one year?

3. Close to 16,000 of our Sun City residents live in 9,600 condominium units which operate in 386 associations and are governed by Boards of Management. Of the 386 associations, 315 are members of the SCCOA; 71 associations are not members. These boards decide on the monthly assessment to be paid by each unit. Water and sewer, and all other costs of operating the association are prorated to each unit in that unit's monthly assessment. Every individual cost that makes up the monthly assessment is rising, almost monthly. It is not just the increase in the cost of water/sewer, but insurance premiums, gardening, roof replacements, painting, sidewalk repairs, landscaping, accounting fees and other costs that are placing a great burden on a large group of our residents as these costs rise faster than the income of folks living in condos.

4. Perhaps the Commission is not aware that condominium units are served in units of **four by 1 ½” and 2” meters**. If one lives in a single family home in Sun City and has a 5/8” to ¾” meter, the increase in rates will cost the owner \$ 7.99 (**8 dollars**). If one lives in a condo unit shared by three other units with one larger meter, the cost should be 4 times the \$8 dollar cost or \$32 per month for the four units. . . . The actual cost, if approved, will be either \$40.97 for a 1 ½” meter, or \$65.56 for a 2” meter. Somehow this seems unfair.

5. The commodity rates from 43,000 gallons up to 300,000 gallons, are not in any documentation that I have. But, I would like to know if they may be out of step, when condo unit charges are compared to single family units, for large amounts of water.

6. As to the “FCRM” issue, I’m sure that **Arizona-American** has answered the following questions for the ACC, that I have about this project, as they apply to Sun City, but, I have not seen any data which records the following:

- a. How many feet or miles of fire hydrant piping are now installed?
- b. What are the pipe diameter, static pressure, and flow rate, now supplied to the hydrants?
- c. How many hydrants now installed in Sun City are being considered for “improvement”? How many feet or miles of pipe will require replacement over the next few years?
- d. What is the maximum distance between hydrants?
- e. How many structures in the Sun City, Youngtown, West Peoria **cannot** now be served by fire trucks taking suction from nearby hydrants?
- f. What is the condition of the existing pipe serving hydrants in our area? Are all pipes of the same materials? What does the water company feel is the realistic “service life” of the existing piping?
- g. How many existing hydrants are due for “heavy maintenance” (overhaul) each year? Who does this?
- h. How many fire calls use the existing hydrant system yearly, to fight fires, produce chemical foams and other fire suppression compounds?
- i. Does the water company or the fire district own the hydrants - if fire district, how is progressive and heavy maintenance now accomplished?

7. I thank you, the Commissioners, in advance, for considering my comments.

Enclosure: “**Some thoughts about Sun city...**”

CDR. Donald M. Thomson, Jr. USCG (Ret)  
 10262 N. 108<sup>th</sup> Drive  
 Sun City, AZ 85351  
 Phone 623-933-3818  
 Cell 602-214-3896

**Betty Camargo**

**From:** Donthom1@aol.com  
**Sent:** Tuesday, May 06, 2008 9:01 AM  
**To:** Gleason-WebEmail  
**Subject:** Upcoming hearing on Sun City rate increases pt1 of 2

**Dear Commissioner, Gleason.**

**I am very aware that you know Sun city, well. But, as a resident, I am concerned about the ACC's current issue of water rates and the Fire Flow Improvement Project. Below is the first of two documents that I have written to address these subjects in a broad context. Thank you in advance for reading them. Don Thomson**

-----  
**Some thoughts about Sun City** - the nation's changing demographics; patterns of population movement; wealth distribution; an aging building, utilities and facilities infrastructure; and, the future support of Sun City's now voluntary "government" organizations by a cadre of once abundant volunteers  
 -----

**We**, who live in the original Sun City, **are asleep** if we do not see, not only the present changes, but those that will occur in the future in our existing life style. A quick survey of our institutions and problems is briefly addressed below:

**Loss of church membership** in our traditional main line churches have three basic causes – failure to recruit new members; loss of capabilities and death of current church members; loss of faith in main line religions (new people are looking for new, non-hierarchical, non-connectional church experience, not one based upon the traditional, and, the evolution versus creation debate that dates back hundreds of years); and, loss of affluence in established church leaders in current church congregations.

**Loss of capable volunteer leadership** in our essential volunteer organizations- Recreation Center (RCSC); Home owners Association (SCHOA); Condominium Owners' Association (SCCOA); private country clubs; and, recreation centers' monitors. And, the unfortunate loss of ability on the part of some of the communities leaders to arrive at equitable compromise solutions to problems (perhaps diplomacy instead of uncompromising argument could once again be instituted).

**The poor decisions in Maricopa County** and at the **State level** at the time of home reassessments, right at the top of the property valuation bubble in 2006/7, has caused at least a 60% increase in average annual private residence property taxes. Prop 13 (AZ) may provide some relief, if passed by the electorate in November 2008. This resolution would base taxes not on neighborhood values (determined by the County Assessor), but on a percentage of the original purchase price of the real property, when purchased by the present owner. This is similar to the California Prop 13.

**The rate of death of older people, in Sun City, is increasing.** More and more people here live into their 80s and 90s. Instead of death coming progressively from age 45 to 80 as it was in their original communities, their deaths are grouped now with many more who have reached an advanced age. Two factors have a major bearing on their extended life span: a healthy and frankly better life style and much improved medical-care that, together, are allowing people to live longer. Cost of living in Sun City is less than that in surrounding communities, and older folks can get by better with reduced fixed incomes. In some cases with increasing age, more residents are moving back to their home communities often in other states to be in the company of their children and grandchildren, when they finally pass on. Either way, the loss to the community leadership is not linear, but is increasing each year, and is not being replenished.

5/6/2008

## Page 1 of 3

For those at the **low end of the income scale**, it is a reality that residents on fixed incomes are having a tougher time each year keeping pace with current increases in cost of local living. Social Security increases, for instance, are almost exactly matched each year by increased premiums associated with Medicare, for those over 65. Increased costs of: gasoline, food, repairs of all kinds, contractors, natural gas, electricity, water, sewer, insurance, insurance deductibles, and the devaluing dollar – are all teaming up to place a great burden on those on fixed incomes in Sun city.

Many **recreational vehicles** that used to provide flexibility in life style are no longer within their owners' capability to operate with the great increase in energy costs.

**Children who used to follow their parents life styles**, by moving to older Arizona retirement communities may have sufficient funds to either buy into newer retirement communities, decide that they want to retire in multigenerational communities, or make the decision to settle elsewhere in other states. Those without the financial resources to buy outright into Sun City, often must have jobs which allow the generation of supplemental income, during their early retirement years in order just to make mortgage payments.

Another problem in retirement communities is the **Age Overlay restrictions** of our SCHOA CC&Rs, SCRCs governing documents/bylaws and Condominium Association governing documents which restrict both ownership, and occupancy of all residential living units. Many in the almost retired age group, who would like to come to Sun City, can't do so in some cases because they had their children later in life and these children still have minor children at home and can't move into Sun City units, even though they are 55, or older. Some can not afford to buy in. Inheritance of Sun City properties is often restricted by these age overlay provisions. Those who inherit a Sun City property often had or have parents who died or will die at a late age. These parents in turn had their children later in their lives. Originally, Sun City had an age overlay of 50. I don't remember the exact year or the justification, but the age was moved up to 55. No doubt the change was a reflection of the attitudes of the Sun residents at the time. But, should we move the age down again to address some of our present problems and perhaps make some other adjustments in our documents to address present problems? "What to do about these problems?", needs to be addressed...

A problem that the original writers of our documents did not have to deal with is **grandparents having to raise their grandchildren**, for many reasons. To name a few: their children's drug habits, divorce, the problem of lost jobs because of the closing down of US industries, not enough money to raise their children (grandchildren). The grandparents have two options: move away or ignore the overlays. They can not in good conscience abandon their grandchildren. A change in documents needs to address this problem.

## Page 2 of 3

Does any one remember the efforts several years ago, of Condominium Boards of Management to act to amend their CC&Rs (Deeds of Restrictions, et al), to prevent rental units in their associations? This was done to head off what could have been a crisis for many permanent residents of Associations. There were groups and individuals who were trying to buy up the majority of units within an association, in order to gain a majority control of the Board of Management. When they had that power, they could run ruff shod over the permanent residents and turn the associations units into short or long term rentals, most with absentee ownership and management. The **no rental amendment** was designed to protect the long term owners property values, not throw a road block in the way of those same permanent residents. How can this problem

be addressed?

Our **community recreational assets are aging** – many are almost 50 years old. It has been a struggle to make major repairs while at the same time keeping the individual facilities maintained, manned and running. One has only to look at the problems created by the two collapses of the Sun Dial south roof. All major repairs to buildings, and systems in those buildings, will cost increasing amounts each year. Each permanent home owner (house or condo unit) pays into the fund that keeps this whole system viable. – Increases in recreation center assessments will be inevitable, as the infrastructure continues to age.

**Real Estate Multiple Listing** has created a number of problems for local real estate brokers and their agents, since it was instituted several years ago. Age restricted communities (especially condominiums) are “special animals” when it comes to selling and buying homes or condos in these communities. Agents from other parts of Arizona who subscribe to multiple listing can assist a potential buyer in buying a home or condo in Sun City, but often have very little local knowledge of **local governing documents** that will affect a new owner as soon as he or she moves into their new residence and community. It is my opinion that when **Arizona licensed Real Estate agents** go back for their annual continuing educational requirements that this issue be addressed more fully in the seminars and classes. **Condo Boards of Management** must head off the drop in knowledge level of new residents by better educational programs and improved and more detailed orientation sessions. Many “listening posts” conducted by the Condominium Owners Association (COA) disclose a **complete lack of knowledge of these documents by present condo owners**, who are asking COA for assistance in problem solving.

Past generations of Sun City leaders have dealt with problems for years. We are here today, because they solved many successfully. Can the present generation do as well?

DMT 042908

Page 3 of 3

---

Wondering what's for Dinner Tonight? [Get new twists on family favorites at AOL Food.](#)