

**INTERGOVERNMENTAL AGREEMENT REGARDING THE OPERATION  
AND MANAGEMENT OF A DOMESTIC WATER SYSTEM**

**Between  
SEVEN RANCHES DOMESTIC WATER IMPROVEMENT DISTRICT  
AND  
CITY OF MARICOPA**

THIS INTERGOVERNMENTAL AGREEMENT ("Agreement") is made effective this 27<sup>TH</sup> day of DECEMBER, 2021, between the Seven Ranches Domestic Water Improvement District, an Arizona special taxing district (hereinafter referred to as "District"), and the City of Maricopa, an Arizona municipal corporation (hereinafter referred to as "the City"). The District and the City are collectively referred to hereafter as "the Parties" and each individually as a "Party."

**RECITALS**

**WHEREAS**, District and City are authorized pursuant to A.R.S. §11-951, et. seq. to enter into intergovernmental agreements for the purposes of taking joint or cooperative action; and

**WHEREAS**, prior to the incorporation of the City, the District was formed to own and operate a domestic water utility for residents within its boundaries ("District System"); and

**WHEREAS**, the City is primarily responsible for the public health, safety and welfare of all citizens of the City; and

**WHEREAS**, the voters of the City of Maricopa previously approved and authorized the City "to engage in the utility business and to construct, purchase, acquire or lease any plant or property or portion of plant or property devoted to the business of or services rendered by a public entity;" and

**WHEREAS**, District desires to delegate the responsibility to operate and manage the District and the District System to the City; and

**WHEREAS**, the City desires to assume such responsibility to operate and manage the District and the District System.

**NOW, THEREFORE, IT IS HEREBY AGREED** by and between each and all of the signatories hereto as follows:

1. Delegation of Operation and Management. The District hereby delegates the operation and management of the District and the District System in its entirety to the City. This delegation shall include the general supervision and control of the affairs of the District including, but not be limited to, the following:
  - a. Authority to receive and review any and all records related to the operation and management of the District or the District System;
  - b. Preparing a budget including the itemized annual estimates of expenditures required for capital improvements, salaries and miscellaneous operating costs;
  - c. Receiving the revenues for the District and allocating the expenditures of the District in accordance with the District's adopted budget, state law and any other applicable rules or regulations;
  - d. Entering into agreements for the purchase of goods, services, professional services or to procure funding to be used for the District System;
  - e. Developing improvement projects and carrying such projects through to a successful conclusion;
  - f. Evaluating and investigating the operation of the District System and making recommendations for improvement; and
  - g. Exercising general oversight and management over all District property, the District System, and any other assets owned by the District.

2. Board Approval Required. Notwithstanding anything to the contrary contained herein, approval of the District Board, currently Thomas Chapa and Raul Valenzuela, will be required to take the following actions until the District is dissolved:
  - a. Adopting the District's annual budget;
  - b. Setting the Annual Tax Rate for the District;
  - c. Selling or otherwise disposing of any substantial assets of the District. For purposes of this section, substantial assets shall include any asset with a value of over Twenty-Five Thousand and 00/100 Dollars (\$25,000.00);
  - d. Making any expenditures in excess of Fifty Thousand and 00/100 Dollars (\$50,000.00);
  - e. Raising any rates related to the use of the District System beyond the customary and usual rate increases that have historically been in place; and
  - f. Dissolving the District.

Any other action or approval related to the operation and maintenance of the District shall be delegated to the City unless otherwise required by state law. The City hereby acknowledge sand agrees that any action of approval must be in accordance with the approved annual budget.

3. The City hereby agrees to assume the rights and obligations related to the operation and management of the District and the District System as set forth in Paragraphs 1 and 2 above. The City further agrees to comply with all applicable laws, rules and regulations for the District including, but not limited to, A.R.S. §48-1011, et. seq., and all District rules and regulations while operating and managing the District and the District System.
4. Current Projects. The City and District hereby acknowledge and agree that certain projects within the District are currently being reviewed by the City which the District cannot provide adequate water for without substantial investment from the developer. The District hereby agrees to provide Hancock Communities with a will serve letter for domestic water service and acknowledges that Global Water will provide water for fire suppression to the Hancock Communities development, generally located between Gunsmoke Road and Whisker Road. Hancock Communities will provide the local workforce access to appropriate housing in a good neighborhood which is associated with positive health, education and economic outcomes for individuals and families in the area. The District will consider future requests for alternative service on a case by case basis.
5. Dissolving the District. In accordance with A.R.S. §48-959, the District "shall be dissolved by the board of directors when all bond and other obligations of the district are paid or have become barred by the statute of limitations, and the operation and maintenance functions of the district or the major part thereof have been taken over by..." the City. The District and the City hereby acknowledge and agree that the adoption of this IGA satisfies the statutory requirement that the operation and maintenance functions have been taken over by the City. Therefore, within two (2) years from the effective date hereof or sooner if mutually agreed to by the Parties, the Board shall take action to dissolve the District after the City's payment or satisfaction of all bonds and other obligations in accordance A.R.S. §48-959. If the dissolution occurs within two (2) years from the effective date hereof, the City agrees to the following terms after such dissolution:
  - a. The City will provide an improved water system that would ensure the public health and safety with appropriate fire flow and suppression systems.
  - b. The City will protect rates to ensure that future rates, which will be set by the City, will not exceed current rates beyond the customary and usual rate increases that have historically been in place. Over the past three years, rate increases ranged between 0% and 5%. This rate structure will remain in place until the property is developed or the property is sold to an unrelated

- party.
- c. If the District is dissolved, the current District property tax would be terminated and the City will have no ability to further tax the Seven Ranches community for this water system. The current tax rate, which will be eliminated, is 5.9466.
  - d. The City will work to provide availability of sanitary sewer in the future to resolve failed septic systems, which will help to enhance vacant or underutilized property development and/or enhance land values.
  - e. The City of Maricopa Fire/Medical Department will have full knowledge of system capabilities in order to provide effective and efficient service. Systems improvements may result in an increase ISO insurance rating with the potential of reducing home insurance costs.
  - f. City control of system operations would remove liability and risk concerns from the District to include District customers.
6. If the District is not dissolved within (2) years from the effective date hereof, this Agreement shall automatically terminate without notice to either Party and the operation and management of the District shall automatically revert back to the Board. This Agreement may also be terminated at any time upon the mutual written consent of the Parties.
  7. Each Party shall provide and maintain in full force while this Agreement is in effect (i) Public Liability and property damage insurance from a reliable insurance company authorized to transact business in Arizona in an amount of not less than \$1,000,000 for bodily injury or death or property damage, one occurrence, (ii) insurance coverage for board members and staff in an amount to be determined by each Party as part of their budget process and (iii) workers' compensation insurance as required by Arizona law. Public liability and property damage insurance shall list the other Party as an additional insured.
  8. The City agrees, to the extent permitted by law, to indemnify, defend and hold the District and its officers, directors, members, representative, employees, and agents harmless for, from and against any claims, damages, and causes of action, costs or expenses, including reasonable attorney's fees, caused by any negligent act or omission of City or any personnel provided by the City. District agrees to indemnify, defend and hold the City and its officers, directors, members, representatives, employees, and agent harmless for, from and against any claims, damages, and causes of action, costs or expenses, including reasonable attorney's fees, caused by any negligent act or omission of District or any personnel of District.
  9. **Miscellaneous Provisions**
    - a. **Assignability.** This Agreement is non-assignable in whole or in part by either party without the written consent of both Parties.
    - b. **Authority of Signatory.** Each individual executing this Agreement on behalf of the City represents and warrants that they are duly authorized to execute and deliver this Agreement on behalf of the City. Each individual executing this Agreement on behalf of the District represents and warrants that they are duly authorized to execute and deliver this Agreement on behalf of the District.
    - c. **Cancellation.** The Agreement is subject to cancellation for conflict of interest without penalty or further obligation as provided by ARS § 38-511.
    - d. **Incorporation of Documents.** All documents referred to in this Agreement are hereby incorporated by reference into the Agreement.
    - e. **Entire Agreement.** This Agreement constitutes the entire

Agreement between the parties. The Agreement shall not be modified, altered or amended except through a written amendment signed by the parties. This Agreement shall be governed by the laws of the State of Arizona.

- f. **Notices.** Any notice or demand under this Agreement from either Party to the other shall be in writing and shall be deemed to have been given when the notice is delivered personally or deposited in a U.S. mailbox, in a stamped envelope addressed to the other Party's address provided herein. Either Party may at any time change such address by delivering, mailing, or e-mailing, as aforesaid, to the other party a notice stating the change.

<u>District</u>	<u>City</u>
Chairman Thomas Chapa	Mayor Christian Price
P.O. Box 359	39700 W Civic Center
Maricopa, AZ 85138	Maricopa, AZ 85138

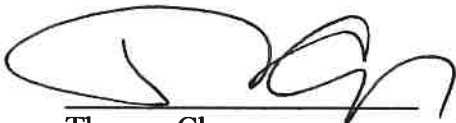
- g. **Severability.** The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of any other provisions.
- h. **Governing Law and Venue.** The terms and conditions of this Agreement shall be governed by and interpreted in accordance with the laws of the State of Arizona. Any action at law or in equity brought by either Party for the purpose of enforcing a right or rights provided for in this Agreement shall be tried in a court of competent jurisdiction in Pinal County, State of Arizona. The Parties hereby waive all provisions of law providing for a change of venue in such proceeding to any other county. If there is a dispute that is subject to the mandatory provisions of ARS § 12-133, the Parties shall submit the matter to non-binding arbitration. In the event either party shall bring suit to enforce any term or condition in this Agreement, it is mutually agreed that the prevailing Party in such action shall recover all reasonable costs including: all litigation and appeal expenses, collection expenses, reasonable attorneys' fees, necessary witness fees and court costs to be determined by the court in such action.
- i. **Non-Discrimination.** Both parties shall comply with all applicable State and Federal employment laws, rules, and regulations including the Americans with Disabilities Act and Executive Order 2009-09, which requires that all persons shall have equal access to employment opportunities regardless of race, color, religion, sex, age, national origin or political affiliation.
- j. **No Third-Party Beneficiaries.** Only the Parties may enforce this Agreement. The Parties do not intend through this Agreement to confer enforceable rights on any non-party and do not intend to create any third-party beneficiaries to this Agreement.
- k. **Waiver.** The failure of City or District to insist on any one or more instances of performance of any of the terms or conditions of this Agreement or to exercise any right or privilege contained herein shall not be considered as thereafter waiving such terms, conditions, rights, or privileges, and they shall remain in full force and effect.
- l. **Effective Date of Agreement.** This Agreement shall not be effective until both the District Board and the Maricopa City Council approve the Agreement.

IN WITNESS WHEREOF, the parties here to have executed this Agreement on the date and year specified above.

**CITY OF MARICOPA**

**SEVEN RANCHES DOMESTIC  
WATER IMPROVEMENT DISTRICT**

\_\_\_\_\_  
Christian Price  
Mayor

  
\_\_\_\_\_  
Thomas Chapa  
Chairman

**ATTEST:**

**ATTEST:**

\_\_\_\_\_  
Vanessa Bueras, MMC  
City Clerk

\_\_\_\_\_  
District Clerk

**APPROVED AS TO FORM:**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

\_\_\_\_\_  
District Attorney