

Granite Oaks Water Users Association

Board Meeting Minutes - draft

April 26, 2006

Board Members

Gerry Garcia - President
Jeff Deming - Vice President
Ed Tumey – Secretary
Dirk Stringham – Treasurer
Ken Adkins – Director
Chuck Faust – Director
Ken Mino – Director

Contract Staff

Bob Busch
Allen Kaplan
Debbie Muse
Mike Young

The meeting was called to order at 8:00 a.m. by President, Gerry Garcia.

Motion by Dirk Stringham to approve the January 25, 2006 Board meeting minutes, seconded by Jeff Deming; passed unanimously.

1. FANN ENVIRONMENTAL REPORT (Fann)

The Fann Operations Report covering January, February, and March was presented by Mike Young and made part of the April Board Meeting minutes.

Mike reported that water pumped for all three well sites in the first quarter of 2006 = 34 acre feet.

	<u>January</u>	<u>February</u>	<u>March</u>
Post Oak Well	.99	.73	1.05
Deerfield Well	4.54	3.36	4.34
Glenshandra Well	5.76	7.75	5.52

Beginning in January 2006 ADEQ is requiring two bacterial samplings per month due to the GOWUA current customer base.

The lead operator for Fann Environmental resigned. Mike distributed the resume for the new operator, James Muylie, who previously worked for the City of Prescott.

Tank inspection and cleaning took place in March. Mike reported that the tanks are structurally sound and he passed out pictures taken of the inside of the tanks. The tank controls for the second tank will need to be repaired to operate properly.

Mike reported that the static level at Deerfield is 1 foot and Post Oak is 1.5 feet. ADWR has historical reports on static levels and Bob Bush has a call into ADWR for the information. In 1995 ADWR started mandating static level testing.

System maps have been created and posted and meter reads are going well.

2. INSURANCE PRESENTATION

Bob Busch asked Bill Weber from Weber Insurance to update the Board on GOWUA insurance policies and insurance programs with a higher level of liability.

Bill presented an insurance program for Rural Special Districts, which is primarily for water districts, sanitary districts and improvement districts. He highlighted the following:

- Current general liability policy includes 1M limited liability with a 2M aggregate (3M maximum in one year). The new policy would be written for 2M limited liability and 4M aggregate.

- Currently, the Directors & Officers liability is a separate policy. With the new policy they would be combined onto one complete package
- Employment Practices Liability would be included
- Employment Benefit Liability would be included
- Fire and Auto would be the same
- Medical Payment \$10,000 (current policy is \$5,000)
- Non-monetary Liability (excluded under our current policy)
- Limited Pollution Coverage (currently no pollution covered)
- Property Coverage \$362,000 blanket person & property (current)
- If pumps are maintained, an endorsement will be placed on the policy to cover repairs/replacements

Dirk Stringham asked if there would be a reduction in the cost if we excluded employment-related coverage (since GOWUA does not employ anyone). Bill will check into this

Current policy costs compared to the new proposed policy.

<u>Current Annual Costs</u>		<u>Rural Special Districts Policy</u>	
D & O	\$3,626	D & O	\$2,383
General Liability	<u>\$2,169</u>	General Liability	<u>\$1,200</u>
	\$5,795		\$3,583

The Association’s current policy was written under a claims made basis. The claim had to occur and be made under the current policy. The new policy is based on occurrence without prior acts. So if we changed today we would have a gap in coverage. In the insurance world, anytime someone changes from a claims made policy to an occurrence based policy the company would need to purchase tail coverage. The tail coverage would run \$2,700 annually. So for the first year, the insurance costs would be about the same as the current policy premium. The cost would drop to \$3,583 for the second year. Bill recommends that the Association purchase the tail coverage for two years.

Bill emphasized that the new policy is a better plan for the future of the Board and Water Company because there is more coverage and the limits can be increased up to 10M.

The GOWUA current Directors & Officers Liability policy renewal is December 3 and the General Liability policy renewal is March 13.

Action Item: Bill Weber will check into the employee coverage to determine if there would be a savings if this was not included in the new policy

Action Item: The Board will revisit the Rural Special Districts Policy during the July Board meeting and asked Bill Weber to attend.

3. MISCELLANEOUS DEDUCTIONS, INC. (MDI)

Manager’s Report and MDI Reports were presented by Bob Busch and made part of the April Board Meeting minutes.

Glenshandra Building – The Glenshandra building is now complete and the County signed off on the final inspection.

Site Sampling Plan – Fann Environmental is reviewing the site sampling plan before it goes to ADEQ for review.

Backflow Prevention Letters – All but one of the backflow test results have been received.

Energy Use Consumption – Bob Busch prepared a spreadsheet showing the energy consumption before and after retrofitting Post Oak with the new VFD motors and pumps. After much discussion the Board determined that we may have realized a savings of about 10%.

APS Rate Plan – While researching the energy consumption, Bob noticed that the GOWUA was under the APS rate plan E32, when the Water Company should be listed under the E221 rate for small water companies. Bob has a call into APS to have this changed. The Water Company should see a \$200-300 savings per month.

Asset Replacement Fund – Bob presented a spreadsheet showing the present status of the Asset Replacement Fund. The Board discussed increasing the asset replacement fund.

Motion by Chuck Faust to increase the CD by \$15,000 for asset replacement which will create a \$30,000 CD when it becomes due, seconded by Jeff Deming; passed unanimously.

4. AUDITOR'S REPORT

The Auditor's Reports were presented by Allen Kaplan and made part of the April Board Meeting minutes.

Allen reported that 2006 first quarter revenue was 13% above budget, which is attributable to an increase in water that was pumped compared to the first quarter in 2005. Expenses were lower than budgeted by about \$5,000 due to repairs and maintenance that did not occur in the first quarter. He also noted that we paid our property taxes earlier than what we had budgeted. The net affect was a profit of \$5,100 for the first quarter when we expected a loss of \$6,000.

In summary, we had a very positive first quarter.

Reviewing the Balance Sheet, cash is up by \$7,000 from year end. Under the fixed assets category the Glenshandra building was capitalized.

5. OLD BUSINESS

Generator Maintenance – Fann is installing the bok heater and thermostat but it is not operational yet.

Glenshandra Landscaping & Other Improvements – Ed Tumey commented it will be in July when the landscaping and other improvements will most likely take place. He revisited the question whether or not to water the cottonwood trees on the site by stating that he would like to see the trees kept alive. It was the consensus of the Board to leave the trees on the site and provide irrigation to the trees.

Review Action Items - Ongoing Items

- *Mike Young will add the number of meter accuracy figures on operation reports.*
- *Bob Busch will develop a spreadsheet showing all the lot addresses to Fann employees identify lots for meter accuracy testing*
- *Mike Young will check into the cost for minimal zeriscape surrounding the Glenshandra well.*
- *Jeff Deming, Mike Young, Ed Tumey, and Gerry Garcia will work on a site plan to zeriscape the Glenshandra Well site.*

Fire Hydrant Proposal – Dirk Stringham, Jeff Deming, Chuck Faust, and Duane Gann met to develop a proposal for installing additional fire hydrants in the Granite Oaks subdivision. A proposal was passed out to the Board and is made part of the April meeting minutes.

The Committee's recommendation is to fund 12 hydrants in 2006 at an approximate cost of \$4,700 per hydrant. If approved, the committee will go out for bid right away and plans for installation will begin in late summer.

The locations are as follows:

1. Empty Lot 174 on Forest Oak
2. 2875 Forest Oak (Lot 168)
3. 2810 Willow Oak (Lot 105)
4. Empty Lot 71 at the end of Mesa Oak Ct. (4" line)
5. 2004 Charteroak (Lot 145)
6. Southeast corner of Twin Oaks and Shady Oaks (Lot 166)
7. 7755 Fair Oaks (Lot 94)
8. 7635 Wildoaks (Lot 21)
9. 7785 Boxwood (Lot 35)
10. 7625 Boxwood (Lot 55)
11. 2128 Mountain Oak (Lot 60)
12. An additional site on Mountain Oak

Motion by Chuck Faust to approve the hydrant proposal (to include the additional hydrant on Mountain Oak) for a total of 12 hydrants to fund in 2006, seconded by Ken Mino; passed unanimously.

6. NEW BUSINESS

On behalf of the GOWUA Board, Gerry Garcia thanked Duane Gann and Ed Tumey for all their hard work on improving and landscaping the Glenshandra site and presented them with gift certificates.

Board Elections – Two board seats are up for election, Chuck Faust and Ed Tumey. Chuck indicated he is interested in running for another term, but Ed Tumey decided not to continue on the Board.

Newsletter Information Submittal – The deadline to submit information for the GOWUA newsletter is the third week in May.

Action Item: Bob Busch will include the Board election notice in the next newsletter, add a notice that meter testing will be taking place, and that the Board is now meeting quarterly.

Next Board Meeting and Annual Business Meeting – The next meeting of the GOWUA is scheduled for July 26 and the Annual Business Meeting will be July 29.

Motion by Chuck Faust to adjourn the April Board meeting, seconded by Ken Mino; passed unanimously.

The meeting was adjourned at 10:15 a.m. Meeting minutes were recorded and transcribed by Debbie Muse.



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