

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of July 24, 2013

Draft 2
Approved September 25, 2013

BOARD MEMBERS

Jim Peoples, President Ken Mino, Vice President John James, Treasurer John Monroe, Secretary Gene Zutell, Director Gerry Tumey, Director Gerry Garcia, Director

THOSE PRESENT

Contract Staff

Bob Busch, MDI Taxes & Acctg Allen Kaplan - Accountant Jim Muylle – Fann Environmental
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Guests: Duane Gann -Shareowner
Davin Benner- Granite Basin Engineering

The meeting was convened at 8:00 am by Jim Peoples. Directors Gerry Garcia and Gene Zutell were absent.

1. Election of Officers for 2013-14.

There was some general discussion about officer positions. Each existing officer indicated a willingness to serve another term.

Motion: John Monroe moved that the current officers be declared elected for another term. (Jim Peoples, president; Ken Mino, vice president; John Monroe, secretary and John James, treasurer). Ken Mino seconded. Motion passed unanimously.

2. Minutes of Previous Meetings

Meeting of May 22nd : Bob indicated that some minor grammatical and spelling errors had been corrected and the current version is Draft 3.

Motion: John Monroe moved to approve Draft 3 of the Minutes of the May 22, 2013 Meeting. Ken Mino seconded. Motion carried.

Meeting of June 26th : Bob stated that some minor editing and grammatical changes had been made to the first draft and the current version is Draft 2.

Motion: John Monroe moved to approve Draft 2 of the Minutes Meeting of June 26, 2013. Geri Tumey seconded. Motion Carried.

3. Reports

3a. Financial Report

Allen Kaplan stated that second quarter was a very good quarter. Net Income was almost \$18,000. With the loss during first quarter, the Net Income through June was \$14,500. This compares with last year's Net Income for the first half year was \$8,400, which included an

insurance double billing. Revenue was about 2k over budget forecast and expenses were about 11k under budget, due to Repairs & Maintenance and Insurance being under budget.

Customer connections are up three from a year ago, Revenues is up about 2k, and expenses are down about 8k from a year ago. Cash balance is down about 21k from last year. There is \$41k in Construction Work in Progress (Granite Basin Engineering work of the Capital Improvement Project).

Cash is at \$432,000. There are 4 CD's that mature before the end of 2013. Allan commented on the Comparative Statement of Income & Expense, that APS rate increases over the years can be seen over the past few years. Although water revenues have been relatively flat, Purchased Pumping Power has increased considerably.

John James reported that currently, there is \$20,908 in the Operating Account and \$51,607 in the Corporate Account.

There being no further questions or comments, Jim Peoples called for the next item of business.

Bob suggested that the order of business be changed, to next consider the Old Business Item: Capital Improvement Program, since Davin Benner from Granite Basin Engineering is present.

3b. Capital Improvement Program. (from Old Business agenda)

Davin Benner handed out copies of an invoice and payment schedule from Watkins/Mendoza. He stated that when the contractor exposed the line where it was planned to connect a new 8" line, there was already a line in place. With the help of Fann Environmental, the line was isolated and verified that there is already an 8" line connecting the pump station and the line on Charter Oak. The line appears to have been added after the original construction, since the pipe is installed with a tapping sleeve & valve, is a different color pipe, and had no tracer wire associated with it. There was no record of the line. Fann was unaware of it; Civiltec had no record of it. Watkins has submitted an invoice for their work. Their invoice is \$23,639.29 of the \$51,176.95 contract. There would be a reduction of \$7,471.19 if material is returned to the vendor.

Davin indicated that GBE will review the water model to determine if any fire hydrants were tested in connection with the model.

There was some discussion about the material that is now not needed. The 8" line could be used on other phases of the project. The valves, tapping sleeves and other small items probably would not be used. There was discussion about which phases the pipe could be used for. Although some of the other phases call for 6" line, the 8" pipe could be substituted. If the pipe is kept, it should probably be covered with a tarp to protect it from degradation.

Jim Peoples suggested that a Committee consider options. He suggest that he, Bob and a Board Member meet and make a recommendation to the Board on Saturday at the Annual Meeting. John Monroe offered to help.

Action Item: Jim Peoples, John Monroe and Bob Busch will meet and make a recommendation to the full Board prior to the Annual Meeting on Saturday.

3c. Operator's Report

Jim handed out his Operator Report for June. He reported that he followed up on a list of approximately 24 meters that showed no usage in the past month. Upon investigation, about 12

of those meters were broken and were not operable, apparently due to high pressure. Jim Peoples asked if that could account for the water we think might be stolen. Jim Muylee indicated that it would contribute to the total unaccounted for, but not all of it, as there was unexplained pumping at Post Oak on 6/12 and 6/13. John Monroe stated that Williamson Valley Road was closed during the wildfire (so it is unlikely someone stole water at that time). Bob confirmed that CYFD reported that the fire department used no water from GOWUA during May and June.

Jim Muylle reported that a meter at the Booster Station has been read during the past few months as a check reading between the wells and customer use. The readings were not making any sense, and upon investigating to determine meter calibration, Fann determined that the meter sensor is not in the correct location. It is only measuring flow from 1 distribution pump. The sensor needs to be relocated so that it measures output from all the pumps.

Jim Muylle stated that the sounding tube at the Glenshandra well is poured in the slab in the well head. A new tube would have to be installed by drilling through the slab and inserting a tube.

Allan Kaplan asked if it would take a big unit to haul off that amount of water. Bob asked if electronic interference could trigger the operation of the distribution pumps. There was some further discussion about the amount of loss, and the difficulty with someone stealing 1 million gallons in one month. It would take hundreds of 5,000 gallon trucks. It seems that there has to be another explanation. On the positive side, the loss reports have resulted in finding the broken meters showing no usage.

3d. Manager's Report

Bob reported that water use in May was nearly 10 million gallons, the highest amount in 10 years. We had 82 customers with over 30K use, accounting for 4.8 million gallons. In June, usage was 6.8 million gallons, with 52 high users accounting for 2.9 million gallons. Unaccounted for water was at 7.48% in May and 6.87% in June.

Bob stated that he has been following up on the last two customer's backflow device testing results. One was received a day or two ago, and the other is due in a few days. There have been 12 customer transfers (from one customer to another on the account) from April 1st to the end of June, indicating that home sales are up and homes are moving.

The MDI contract expires at the end of October. Bob asked the Board how they wanted him to proceed. There was general agreement that MDI should be asked for a proposal to renew, that could be considered by the Board.

Action Item: Bob will contact MDI and request a proposal for a new 3 year contract.

Bob reported on a customer complaint about a water leak. The customer had first reported loss of water pressure. Fann determined that the customer had a leak on his side of the meter. The customer had the repair work done, and a month or more later, complained about a \$700+ water bill due to a leak in his back yard. He suggested that Fann contributed or caused the problem. Bob met with the customer on site and discovered the problem was likely due to an irrigation valve being left open by the landscaper.

Bob noted that he has reviewed some of the billing from Fann Environmental. Fann's contract provides a 15% markup for items that are re-billed to GOWUA. Last month, the markup amounted to nearly \$250.00. This included billing from Empire Cat, for generator maintenance,

and Bennett oil for diesel fuel. These items could easily be set up and billed directly to GOWUA, avoiding the 15% add on. Bob will discuss with Mike Young of Fann Environmental.

Action Item: Bob will contact Mike Young of Fann Environmental and work out means of billing extras direct to GOWUA.

4. Old Business

4a. Action Items -Outstanding Action Items:

All action items have been completed. None outstanding.

4b. Tank Inspection.

Bob noted that he previously emailed to Board Members, a quote for an inspection of the tanks. The proposed cost is \$2,799.00 for the inspection & a DVD of the inspection or #3,199.00 for the inspection, DVD and written report. He stated that it has been about 5 years since the last inspection. Jim Peoples asked for a motion.

Motion: John Monroe moved to authorize the inspection with a written report. Geri Tumey seconded. Motion carried.

5. New Business

5a. Revision of Bylaws

(Note: The agenda item is incorrectly stated as a Revision of Bylaws. It should state "Revision of Policy Book")

Bob reported that the Service Application needed a revision because of a change in the sales tax rates. The application is included in the Policy Book, and so a revision needs to be made to the Policy Book.

Motion: Ken Mino moved to approve the revision to the Policy Book including the revised Service Application. Geri Tumey seconded. Motion passed.

5b. Annual Meeting.

Bob reported that 50 proxy statements have been received, so there will likely not be a quorum at the meeting, making it an informational meeting. Davin Benner will attend the meeting. The Capital Improvement Program will be explained. Mike Young from Fann has been invited, but his attendance hasn't been confirmed.

Motion: John James moved to adjourn the meeting. Ken Mino seconded. Motion carried.

The meeting was adjourned at approximately 9:15 a.m.

Next meeting: Wednesday, September 25, 2013 (tentative), 8:00am – Post Oak Site.

Minutes transcribed by Bob Busch

Submitted By:

Secretary