

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of January 23 2019

Draft 2
approved February 27, 2019

THOSE PRESENT

BOARD MEMBERS

Contract Staff

Jim Bricker, President Claire Hutt, Vice President John James, Treasurer Bonnie Pearson, Secretary Ken Nelson, Board Member Daryl Mathern, Board Member Gerry Garcia, Board Member -Absent
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Bob Busch, MDI Taxes & Accounting (absent) Allen Kaplan – Accountant Pat Carpenter- A Quality Water Co. Derek Scott – A Quality Water Co.
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Guests: Matt Bornyasz, Granite Oaks Estates.

1. The meeting was convened at 8:58 am by President Jim Bricker. .

2. MINUTES BOARD MEETING OF NOVEMBER 28, 2018.

President Jim Bricker asked if there were any comments on the draft minutes. He noted an incomplete sentence on page four. It was determined that the sentence should end with “the possibility of additional storage capacity”.

Motion: Ken Nelson moved to approve the minutes of November 28th with the changes noted. John James seconded. Motion passed unanimously.

3. REPORTS:

3a. Financial Report

Allen Kaplan explained for the first time, GOWUA experienced a loss in net income for the year, almost \$10,000 for 2018. Revenues were about the same as last year. Repairs and Maintenance was about \$42,000 vs last year of \$8,000. About \$21,000 was spent with Pump Tech. About \$9,000 was spent with Patton Electric and about \$8,300 with Empire Cat. These made up about \$38,000 of the \$42,000. Outside Services Other showed \$6,000 for the cost of meter changeout. This was ½ of the total. One half was expensed and ½ was capitalized, representing the cost to remove vs the cost to install being capitalized. Bob explained the National Association of Regulatory Utility Commissions (NARUC) has published accounting rules and regulations for public utilities that are different from private business accounting. Nearly all states have adopted some form of these regulations. The one main difference with NARUC accounting has to do with treatment of assets. When an asset is retired, the full original cost of the item is removed from the books. A corresponding amount is booked against Accumulated Depreciation, regardless of the amount actually depreciated. Also, the cost of removal of the asset is booked to Accumulated Depreciation. (vs charging to Expense as might be the case with private corporations.) In regard to the meter changeout, ½ the cost is assumed to be installation and ½ is assumed to be cost of removal of the old meter. The December report should be corrected to reflect that accounting. A revised report will need to be prepared.

Bob went on to explain his rationale for determining the amount to be retired from assets for the meter replacement. Since no specific detail is available to determine the original cost of the meters, Bob used the CPA index to prorate the cost of a new meter back to 1989. Retirement of the old meters will take place in January, 2019 since the new meters will be read tomorrow.

Allen went on to explain that revenue for the fourth quarter was less than a year ago, yielding a larger loss than usual for the fourth quarter. He noted that cash is down about \$143,000 from a year ago. We retired the old computer talked about at the last meeting, about \$2,500. There is about \$131,000 in Construction Work in Progress. He reported that GOWUA still has about \$252,000 in cash. He noted that revenue for the last few years has been very consistent, at about \$220,000. Expenses have generally increased over time.

John James stated that he had to cash part of the \$100,000 Amtrust CD to cover expenditures expected in the next couple of months. He withdrew \$50,000 with a penalty of \$365.21. The new balance is \$51,727.98. He reported that the Corporate Account balance is \$57,873 and the Operating Account balance is \$13,337.

3b. Operator's Report

Pat Carpenter reported that as of December 20th, 400 new meters had been installed. Derek Scott stated that as of now, only 11 meters are left to install. They are problem meters that were left until the end. Some are buried too deep to reach easily. He will have to excavate to get to the meter. One needs a new meter setter. One needs to have a tree trimmed to access. He has left a note with the property owner to trim the shrub. Another home has the meter behind a locked gate. A Quailty will replace these meters as they can.

There was some discussion about a property on Willow Oak where the customer repaired the line from the meter to the customer valve with a short length of PEX.

There also was discussion about GOWUA's right to access meter boxes. It was generally agreed that although GOWUA may have a right to access the meter box without property owner's consent, that Derek's approach for notifying the property owner and giving them the opportunity to correct the problem or provide access is the appropriate approach.

Pat reported that a quote was obtained from Norrco for the water line extension to Granite Oaks Estates and Williamson Valley Road was obtained and is included with the report packet. He stated that problems with the Mission Control system have been resolved. Derek stated that he had been receiving a dozen calls a day from the system, apparently due to Verizon Wireless converting to 5g. Mission Control finally resolved the problem.

Pat Carpenter stated that he met with Derek, Bob and Jim Bricker to review the Deerfield well issue. He stated that it was agreed that we got the equipment we paid for and it appears to be operating correctly, it was not what we expected. There was some discussion about the additional 40 ft of pipe installed and the impact of the pump being 40ft lower.

Claire Hutt commented that after the 2002 upgrade, the pump failed within a few months. There may be more to the issue, and it should probably be discussed at a later time.

3c. Managers Report

Bob Busch reported that he sent a revised budget to the Board via email, but got only two responses, so the 2019 budget has not been approved.

Action Item; Bob will resend to the Board Members asking for their approval of the budget.

The spare motor has been ordered from Phoenix Pump will arrive this week.

Bob reported that the complaint from the customer on Willow Oak Ct. has been resolved. This is the customer that claimed we caused water damage inside their home when we changed their meter last summer. They recently claimed we caused a leak at the meter box, and were forced to

shut off their water for a few days. After discussion with Jim Bricker, I offered that although the company was not at fault, the company would reimburse them for the line repair and give them a \$50.00 credit on their water bill. The line repair cost \$300.00. (This is the line repaired with PEX discussed earlier).

Bob stated that he had received a quote from Norrco for the water line extension. He passed it along as requested. He said he received two quotes, the first was inadequate. The second quote included a sketch and the cost increased partly at least because Yavapai County wanted the line buried at least 30 inches.

The quote for Worker's Comp. insurance had been rescinded by the insurance company. They decided that the manager needed to be classified under their "Water Company" class rather than as office managerial or clerical. As a result, they quoted the cost would be \$900. NFP Insurance searched a number of companies and finally received a commitment to provide the coverage for \$302. The \$270 premium paid earlier for coverage has been refunded and returned to the Operating Account.

The Annual Report to the Arizona Corporation Commission Utilities Division for 2017 has not been completed by MDI as yet. It was due last May. Bob also commented on changes to the asset breakdown from the 2012 and 2013 report that need further investigation. The asset breakdown changed from about 12-15 categories to only a half dozen.

Bob reported that a water withdrawal report is due to the Arizona Dept of Water Resources on April 1, 2019 for 2018 withdrawals.

Matt Bornyasz commented on the error in the Customer Report that goes with the bill each month. Bob explained that it was his error. He said he had to manually go through the monthly data because each meter reading generates a customer count on the reports. He had to combine the two readings for those customers whose meters were changed out. The changes did not translate to the Customer Report.

There was a discussion about water use and the number of customer leaks that have been noted so far with the new meters. They register a notification whenever the meter detects flow continuously for more than 72 hours. There are 3 levels of notification, from minor to major. The first 40 or so meters installed registered 9 notifications. Derek Scott is contacting customers to advise them they have a leak.

4. OLD BUSINESS:

4a. Action Items:

Action items:

All action items have been completed.

4b. Discussion/approval of quote for water line to property at Granite Oaks Drive

No action taken on this item. This item has been shelved at this time.

4c. Discussion regarding possible addition of water storage tank.

There was some discussion about additional water storage and where it could be located. Pat Carpenter indicated he is involved in another project and could get ball park estimate for a 125,000 gallon tank.

Action Item: Pat Carpenter will provide an estimate for the cost of a new tank.

4d. Discussion/approval of 2019 capital & expense budget

Discussed above.

5. NEW BUSINESS:

5a. Discussion regarding rehabilitation of Glenshandra Well

Bob Busch stated that he had hoped to have a proposal from Civiltec & Southwest Groundwater for consulting in connection with the Glenshandra Well Rehab., but it has not arrived. He suggested that the engineers come to the next GOWUA meeting to discuss their approach & proposal. There was a discussion about other possible alternatives.

Ken Nelson asked if we have a scope of work for the project. Bob Busch suggested that the Board could meet with Civiltec to discuss their proposal to define and refine what is needed and expected. The Board could always get a second proposal.

Claire Hutt suggested that the engineer also be asked to look at the Deerfield well, because she has information to suggest that the Deerfield well failed a few months after it was installed in 2002.

There ensued a discussion about the Deerfield well wiring, sizing and warranties with no action taken.

There being no further business, President Jim Bricker declared the meeting adjourned at 10:25 am..

Next meeting will be Wednesday, February 27, 2019 at Post Oak, 9:00 am.

Minutes transcribed by Bob Busch

Submitted By:

Secretary