

Granite Oaks Water Users Association  
**Board Meeting Minutes**  
Meeting of November 16, 2016

Approved January 25, 2017

THOSE PRESENT

BOARD MEMBERS

Gerry Garcia, President Matt Bornyasz, Vice President John James, Treasurer Larry Dorrell - Secretary (absent) Jim Peterson, Board Member (absent) Claire Hutt, Board Member Jim Bricker, Board Member
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Contract Staff

Bob Busch - MDI Financial Svcs., Inc. Allan Kaplan – Accountant Jim Muylle - Fann Environmental
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1. The meeting was convened at 8:00 am by President, Gerry Garcia. Jim Peterson and Larry Dorrell were not in attendance.

**Minutes Board Meeting of September 28, 2016**

There being no additions or corrections offered;

**Motion: Gerry Garcia moved to approve the minutes of the September 28, 2016 meeting. They were approved unanimously without a second to the motion.**

**2a. Operator's Report**

President Garcia then called for Operator's Report. Jim Muylle had an ADEQ inspection at 9:00am at another facility.

Jim Muylle reviewed the Operator Report. He stated that the report now includes the ldepth of the well and the depth to the pump, except for the pump depth for Post Oak. The pump depth information for Post Oak could not be located--if is is available at all.

All three generators were load tested during the month. Jim also referred to the equipment list included in his report. The list includes the expected life and the estimated replacement cost for major equipment items in the system.

Jim also reported that he has found an electromagnetic flow meter that could be placed at Post Oak instead of the present type. He circulated the cost estimate and product cut sheets for the meter. It can operate with the short lengths of straight pipe we have at Post Oak. It could be installed at an estimated cost of \$5,000.

Claire Hutt commented that there are some specific relays in the controls at Post Oak that might be worth keeping on hand as spares. Jim Muylle responded that the Fann Electrician stocks those on his truck, and they are readily available.

**Motion: Gerry Garcia moved to approve the installation of the totalizing meter at Post Oak at an estimated cost of \$5,000. Claire Hutt Seconded.**

There was some discussion about the location of the meter. Jim Muylle indicated it would be placed in the middle of the outgoing line at Post Oak. It has been marked on the line. The meter will be tied to the controls and chart recorder. It was the consensus of the Board that the work could be done early in 2017 and included in the 2017 budget.

**Motion was approved unanimously.**

Matt Bornyasz asked about how we can make water pumping information we provide to ADWR compatible with our meter reading data. Bob explained that GOWUA provides two sets of information to the state. One is provided to ADWR annually in a Water Withdrawal Report. A fee for withdrawal of water is paid to the state based on this report. The other set of data is provided to the Arizona Corporation Commission in an annual report to the Utilities Division. This report reflects the monthly water pumped and sold, as shown in the monthly Comparison Reports given to the Board. The ADWR report and the ACC report have not reflected the same data in the past. Gerry Garcia asked who prepares the reports. Bob Busch replied that Fann Environmental prepares the Water Withdrawal Report and MDI prepares the Annual Report to the ACC-Utilities Division. Matt Bornyasz expressed some concern that there hasn't been Board review of these reports and the Board is unaware of the information. He suggested the reports going to the state/regulatory agencies be reviewed by the Board prior to submission.

**It was the consensus of the Board that reports to state/regulatory agencies be submitted and reviewed by the Board prior to submittal.**

**2b. Financial Report**

Allan Kaplan reported that there was an adjustment in the 2015 depreciation expense on the 2015 tax return, which resulted in a downward adjustment to net income of about \$1,400 for 2015. He will make that correction in the next months report. He reported that GOWUA is right on budget for the year to date. Revenues are up a bit, but so are expenses, and we are up about \$4,000 against the budget.

Jim Bricker asked why expenses for chemicals is down so much from last year, \$2,300 vs \$300.

*Action Item: Bob Busch will check on the variation in Chemical expenses year to year.*

Allan Kaplan explained that John James opened an 11 month, \$100,000 CD with AmTrust for 1.1% interest. He noted that cash flow to date is almost \$25,000 and that total cash on hand is approximately \$355,000.

John James reported that the Operating Account balance is \$39,259 and the Corporate Account balance is \$42,352.

**2c. Manager's Report**

Bob Busch reported that water loss for September was .6% and October was 4.8%. All backflow prevention device testing is complete for the year. The MDI financial services contract has been signed. It expires in three years. He stated he received a proposal for a tank inspection of the two water tanks for \$2,395. Matt Bornyasz asked if an inspection is required and what do they inspect for. Bob Busch replied that a tank inspection is not required, and that the tanks are inspected for condition of welds and connections and sediment is vacuumed from the bottom of the tank. Some minor repairs were made following the last inspection, which was done about 4 years ago.

Bob stated that an inspection this year is probably not an urgent matter, and could be done in the next year or two.

Bob reported that he attended a meeting of the Citizens Water Advocacy Group during which presentations were made by two Yavapai County Supervisors. Tom Thurmond and Craig Brown, County Supervisors made presentations discussing the role of the County in water regulation. District 4, Craig Brown's district is growing at 4 times the rate of the other districts in the county. The major challenge in water regulation is with lot split development, which results in wells and septic tanks throughout the area. The County cannot deny an application for development on the basis of inadequate water. There is little enforcement of water regulations in the state. ADWR has no enforcement authority. The major issues identified in water use and conservation in 1970 are the same issues that exist today. Answers to the problems are complex and difficult, and more state legislation is needed.

## **2d. Conservation Committee Report**

No report

## **3a. Review of Action Items:**

*All action items have been completed.*

## **4. New Business**

### **4a. Emergency Measures**

There was some discussion about possible actions GOWUA should pursue to plan for possible catastrophic emergencies. There was some discussion about getting educational information to customers advise them to prepare for such an emergency. It was suggested that a group prepare some ideas that could be considered by the Board and to report back to the board.

*Action Item: Claire Hutt will chair a committee to prepare ideas and recommendations for the Board. She will solicit volunteers from shareholders and post a notice on Nextdoor.com. Bob Busch will include a notice on the website.*

### **4b. 2017 Operating Budget**

Allan Kaplan suggested a slight increase in forecast revenue for 2017 and an increase in depreciation and amortization, based on MDI's projections. It was suggested that the cost of the flow meter at Post Oak (\$5,000) be included in the capital budget for 2017. Following some general discussion:

**Motion: Matt Bornyasz moved to approve the draft 2017 operating budget with the changes discussed. John James seconded. Motion passed unanimously.**

**Motion: John James moved to adjourn. Matt Bornyasz seconded. It passed unanimously.**

The meeting was adjourned at approximately 9:35am.

**Next meeting: Wednesday, January 25, 2017, 8:00am – Post Oak Site.**

Minutes transcribed by Bob Busch

**Submitted By:**

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**Secretary**