

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of November 20, 2019

Approved Dec 18, 2019

THOSE PRESENT

BOARD MEMBERS

Contract Staff

Jim Bricker, President Ken Nelson, Vice President -absent John James, Treasurer Bonnie Pearson, Secretary Daryl Mathern, Board Member

Bob Busch, Manager, GOWUA -absent Allen Kaplan – Accountant Bruce Eldredge – MDI Taxes & Accounting Derek Scott- A Quality Water Co.-Operator
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Guests: Jim Peterson, Matt Bornyasz

1. The meeting was convened at 8:53 am by President Jim Bricker.
- 2. Review/Approval of minutes of Board Meeting October 23, 2019.**

Motion: Bonnie Pearson moved to approve the minutes of October 23, 2019. Daryl Mathern seconded. Motion passed unanimously.

There was a lengthy discussion about the Post Oak well in connection with Derek's attempt to sound all the wells. The static level in Glenshandra well; 269.8 ft.: Deerfield well: 268.9 ft. In the attempt to sound the Post Oak well, the sounder got stuck and he was unable to determine the static level. At 480 ft. there apparently was no water. He suggested the Board consider rehabbing the well. Jim Bricker asked if it was pumping water and requested that Derek check. There was also concern expressed that there might be air in the water pumped. Derek suggested that the well be shut down during the winter, as it is not really required.

Motion: Bonnie Pearson moved that the well be shut down for the season after Derek checks it. Daryl Mathern seconded. Motion Passed.

3. Reports:

3a. Financial Report

Allen reported that water sales year to date are about \$5,000 more than a year ago at \$197,000. He reported that expenses are at \$192,000 year to date; up \$3,000 from last year. Year to date profits up \$1,000. He said the cash balance is presently at \$181,000. He asked Bruce if there were any big bills left for Glenshandra and Bruce said, no. Once Bob gives the green light that Glenshandra is completed it will be capitalized. He stated we had \$550 in meter deposits last month.

John James reported that the balance in the Operating Account is \$22,690 and for the Corporate Account is \$59,017.

Jim suggest we no longer need the Journal pages in the Board Packet, but Bonnie requested a copy for the Board binder.

3b. Operator's Report

Derek changed how chlorine is added to the wells to a more maintenance effective procedure. It is the same 12 ½% but introduced at the well to prevent deterioration of the hoses. The cost remains about the same.

Two new meters were installed and one needed to be excavated on Seven Oaks. The plans show a meter, but they could not find it.

He reported on the salvage of the old meters. He contacted Yavapai Salvage and they only want the meters if they are stripped down. Jim mentioned that Bob may know of someone who will salvage them. Derek will check with Bob.

Action Item: Derek and Bob will attempt to get a source for salvaging the meters.

MAP testing has been completed for this cycle.

Rest of equipment is running well.

Glenshandra landscaping has been cleaned up, leak in drip line fixed and painting of the building columns done. Sage needs to be cut back regularly.

Meter reads went well except locked out meters also read. That issue will be addressed.

3c. MDI Report

Bruce referred the Board to the Balance Sheet. He commented that after discussions with Bob Busch, he determined that some of the categories are incorrect, ie "water treatment systems". He has made adjustments, including adding a "Meters" category for the new customer meters.

Bruce stated there are three depreciation schedules, one in quick books, one for tax returns and one for the Arizona Corporation Commission. Quick books feeds the info for the others. He explained the difference between IRS and ACC. The ACC uses a 50 yr depreciation schedule. He said that he could justify using the ACC depreciation schedule, even for the IRS tax returns. He said he will be computing depreciation monthly. He commented that when equipment is added and some is retired, it is a simple adjustment of increasing the asset amount by the new equipment cost and reducing it by the amount retired.

This is the month for meter refunds. They will be putting in credits on the bills. The credit is ten percent every year for ten years. Even if person who paid for it moves, it stays with the owner of the property.

Bruce went over leak report and stated it only happens on date of meter reading. All reported may not be a leak. He is not sure of the report criteria. There was a discussion about doing a better report. High water usage versus leaks. High use notices are already sent to customer. Derek also knocks on the door and if not home leaves a door notice.

Action Item: Derek Scott and Bruce Eldredge will coordinate to obtain a more useful leak report.

Bruce discussed the costs associated with handling delinquent customers: certified letters, MDI cost to prepare the letter, additional costs from AQuality Water, etc. Bruce suggested we need to set up a late fee when we go for a rate change.

3d. Manager's Report

Jim Bricker briefly reviewed the Manager's Report for the month.

4. Old Business

4a. Action Items:

- *Action Item: Ken Nelson will visit all banks be added as a signer on the accounts.*
Open (Ken will need a copy of the relevant minutes for the two accounts).
- *Action Item: Bob Busch will contact KP Ventures to obtain equipment information.*
Completed
- *Action Item: Derek Scott will check with salvage companies to get an estimated salvage for the old meters.*
Completed

4b. Update & Discussion of possible Rate Case

Jim Peterson reported to the Board that the process is moving along slowly and will take more time than he anticipated. Information has been put into the system but there is a need for invoices for contract services to document those services. Jim would rather send out emails to those he needs information from rather than via phone calls as he feels he be more exact with what he needs. The Commission does not specify what the invoices for contract services include. He will request more specifics. It was discussed it would be our outside contracted services such as MDI, Empire Cat, AQuality and any other vendors. There was discussion on the amount minimum needed for those invoices. There is a \$250 limit, but it is not certain if this is an annual amount.

Once all the documentation is submitted and the matter is on the docket it will take approximately four months to get back to us regarding our rate change request. Jim Bricker asked when we would need to notify the customers. Jim Peterson said that we would need to determine what our rate changes will be and then we will notify customers when we give the ACC the go ahead. The person Jim is consulting on this will give us information on what the rates should be before we finalize the decision. Additional information on how much of a buffer for future improvements, replacements and other items will be needed.

Jim Bricker noted the number of high water users have gone up and we need to know how many gallons a year is used.

There was a comment that there was no bill for water testing in 2018 and may it have been placed in another category. Allen reported \$3,062.62 from his files. Allen stated we now have \$180,000 in funds and how will that affect their thinking about rate structure. Jim Peterson indicated he was not certain. Jim Peterson stated that we start a list of expected expenses such as rehabbing Post Oak, getting a new storage tank, etcetera. He also stated to factor in an ongoing cost of living.

Bruce stated from an accounting standpoint we should set up a restricted fund for these expected expenses. He suggests 20% of a cash balance, because that money needs to be used for what you set it aside for.

Jim Bricker told Bruce to check with him regarding invoices.

Jim Peterson stated the ACC wants a bill count, they want to have a copy of every bill metered or meter read for 12 months of every customer. Bruce says he could do an excel report but do they need it broken down by month. There is also the issue of new and leaving customers as it is based on the meter number not the customer. Jim Peterson will get clarification on what is required.

Matt Bornayz stated this is information from 2018 and we had not yet changed out the old meters for the new ones.

5. New Business

5a. Proposal from Empire Cat for generator service (Nov 19-Oct 20)

The proposal from Empire Cat was considered. The price is \$3,001 for the upcoming year.

Motion: Daryl Mathern moved to approve the proposal. John James seconded. Motion passed.

Jim Bricker briefly discussed changes to customer disconnect regulations being considered by the Arizona Corporation Commission.

There being no further business, the meeting was adjourned at 10:20 am.

Next meeting will be Wednesday, December 18, 2019 at Post Oak, 9:00 am.

Minutes transcribed by Bob Busch

Submitted By:

Secretary