

Granite Oaks Water Users Association
Board Meeting Minutes
March 22, 2011

Approved May 18, 2011

THOSE PRESENT

Board Members

Ken Mino, Vice President
Rusty Miner, Secretary
John James, Treasurer
John Monroe, Director
Gerry Tumey, Director
Dave Kramer, Director

Contract Staff

Bob Busch, MDIFS
Jim Muylle, Fann Environmental
Allan Kaplan

Guests

Bob Igo
Dirk Stringham
Duane Gann

The meeting was convened at 8:00am by Vice President, Kin Mino. President, Jim Peoples was absent.

1. Minutes of the Previous Meeting

Motion: John Monroe moved to approve Draft2 of the minutes of the Meeting of January 26th. Rusty Miner seconded. Motion carried.

2. Financial Report

Allan Kaplan reported that the financial report for the year to date is for the months of January and February, and is not as much detail as the quarterly report. He reported that revenues are up about \$1,500 from 2010. Expenses are up about \$6,000, primarily because of the insurance billing that was expected last year, but did not arrive until 2011. There was also the \$2,000 billing from Civiltec. In addition, there was a writeoff of about \$1,100 for CD's, due to the premium paid for the CD's to receive a higher interest rate. The higher rate will be paid out over the life of the CD. Depreciation has not been finalized as yet for the tax return, and would add about \$2,500 to the expenses for the period. With depreciation and amortization, for the first two months, the net income will be (\$10,000).

The cash flow is down about \$10,000 from the end of 2010.

John James reported that the balance in the Corporate Account is \$54,294 and the balance in the Operating Account is \$22,110.

3. Operator Report

Jim Muylle reported that there were no ADEQ violations for the first two months. The CCR for 2010 was completed and forwarded to Bob.

Jim reported that ADWR measured the static levels for Post Oak and Deerfield. Current readings were: Post Oak-311.8 ft, Deerfield-203.1 ft. Post Oak is up about 3 ft and Deerfield is down about 6 ft from last year.

Painting of the tanks should begin next week. The color will match the building as approved by the board.

Jim indicated that he had obtained pricing of \$3,552 for a spare pump and motor for the Post Oak pump station. It would be a 15 hp pump/motor to use as a backup for the two now in service. There followed a discussion about the desirability of a spare and whether it should be installed vs

serving as a shelf spare. It was the general view that an installed unit would be better than a shelf spare. Duane Gann pointed out that controls were installed initially to handle the additional pump, but that four pumps (the three existing and an additional new pump) can not run at the same time because of pipe size and flow restrictions between the pump station and the line on Post Oak Rd. Dave pointed out that the existing pumps are fairly new, and the fire pump will serve as a backup in the meantime, so the need is not urgent, but advisable. Rusty suggested that the issue be tabled until the next meeting and in the meantime get a quote for a total installation.

Action Item: Fann Environmental will obtain a quote for the total cost of the pump and installation to review prior to the next meeting.

Ken asked about the figure Jim presented for the fencing at Glenshandra. Jim indicated that it is a verbal quote, based on a sketch he provided to the vendor. The proposed fence would surround the building and generator (approximately 50'x50'). A general discussion ensued about the location, type and purpose of a fence surrounding the building. Jim Muylle pointed out that all the facilities they serve are protected with a fence. Some thoughts forwarded included:

- A fence provides an extra level of protection

- Install a vinyl chain link fence

- Install a wood fence

- Do we need a fence at all

- Install a fence around the generator only

- Install an alarm on the building that would alert Fann Environmental

- Initially, the generator was intended to be installed in a building

- If a roof is placed over the unit now, it will be difficult to remove for other use or repairs.

- The company has sufficient money for a fence

Action Item: Rusty volunteered to present a report with pros & cons at the next meeting for consideration by the board.

4. Managers Report

Bob reported that the 2010 Backflow Prevention program is finally complete, after the installation of the device one property owner has promised for several months to install.

Bill Weber promised to look into several items following the last meeting. He reported that the board bond is for \$100,000, and the MDI bond is for \$50,000, and is current to mid-June 2011. Bill provided a response concerning a question about a provision in the policy for coverage for a "failure to provide". The response essentially indicated that the company is covered for a failure to provide water, but the actual protection would likely come under the board's errors and omissions insurance provisions.

Bob reported that water use for the first two months is up from a year ago. 2010 use was the lowest in several years. So far, usage is probably more normal this year. The use through February -14.3 ac ft vs 12.7 ac ft for 2010.

Rusty asked about the calls to high users. He was pleased that high users were being contacted about possible problems.

John James asked if we knew what the 165,000 in water loss for February might be due to. The fire department did not do any testing in February. There was some discussion as to whether the Glenshandra meter could be causing a problem. Bob noted that both the January and February 2011 losses were higher than 2010.

Action Item: Jim Muylle will arrange to install the new meter at Glenshandra to ensure an accurate meter is being used.

The water report for 2010 CCR (Consumer Confidence Report) will be mailed with the billing this month.

The GOWUA website has been updated and is now online. Bob asked if the board would wish to post any other information on the website. Rusty suggested that the emergency number be placed on the website. He also suggested that the service area map could be added to the website. He also suggested that a current news page be added to get information out to customers.

Action Item: Bob will arrange to add the suggestions to the website.

Alan asked whether we have had any results on connection accounts yet. Bob indicated that we have gotten no payments from collections as yet. Only accounts with over \$50 balances due on shutoff are sent to the collection agency. There are presently 3 that have been referred for collection.

The board discussed the list of high users for February. The highest user was over 70,000, a very high number for February. Jim Muylle indicated that Fann followed up on a couple of high use calls and found that the property owner had a leak somewhere on the property.

Dirk Stringham inquired about the water conservation program. He indicated that he can provide the name and phone number of the person at Yavapai County coordinating water conservation programs in the county. He will forward the information to Bob.

Action Item: Bob will contact the Yavapai County representative following receipt of the information from Dirk.

Rusty asked if the board wanted a newsletter to go out soon. The general view was that a newsletter would be worthwhile.

Action Item: Bob will prepare a newsletter to go out with the end of April billing.

5. Old Business

5a. Action Items

Bob reported that all action items were completed except:

Action Item: Dave, Bob & Jim Muylle will verify that surge protection is provided and what the estimated cost would be to install.

7. New Business

Ken asked if the proposed legislation regarding water reclaiming is real. Dirk responded that it is the result of the committee he served on while on the board. He stated that the concept has a lot of potential for recharging the aquifer.

Bob suggested that the board consider asking Doug McMillan of Civiltec to attend the GOWUA annual meeting. His presentation covers the potential for recharging the local aquifer.

Alan requested that the board consider changing the next meeting from May 25th, to May 18th, since he will likely be out of town. The board readily agreed.

John James reported that there is a CD maturing in May and he will be looking to reinvest at the highest rate possible. He also noted that Summit Bank is up for sale.

8. General Discussion

Bob Igo commented that the flyer provided with the billing indicated that two customers used half the water used by the other 450 customers. He felt something needs to be done to discourage that kind of abuse and waste. He stated that in discussion with Dirk, it seems that if high users are punished, they could just drill their own well. He suggested that a law be enacted to prevent people from drilling a well in the area. He agreed that people have a right to water, but that high use and waste should be penalized. Dirk suggested that changing current laws has been very difficult, and that maybe when many wells in the area begin to go down, some real action may be taken.

Duane offered that the static level in many wells in the area have gone up, and that GOWUA Deerfield and Glenshandra wells are being over pumped and that an accurate reading is possible only when the wells are shut off for 24 hours before being checked. Dirk replied that if the wells are being measured in the same way each year, the trend is still valid.

The board members agreed with Bob Igo's comments and indicated that current laws and ACC regulations severely limit actions that the company can take. The company is limited to encouraging conservation. Rusty indicated that it is important to contact high users to limit possible waste.

There being no new business to discuss, Ken Mino called for a motion to adjourn.

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

The meeting was adjourned at 9:25a.m.

Next meeting: May 18, 2011, 8:00am – Post Oak Site

Minutes transcribed by Bob Busch

Submitted By:

Secretary