

Granite Oaks Water Users Association  
Board Meeting Minutes  
May 18, 2011

Approved July 27, 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  
Mike Young, Fann Environmental  
Allan Kaplan

Guests

Gene Zutell

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The meeting was convened at 8:00am by President, Jim Peoples.

**1. Minutes of the Previous Meeting**

Bob handed out a revision to Draft1 of the minutes that contained corrections to several typographical errors in Draft1.

**Motion: John James moved to approve Draft2 of the minutes of the Meeting of March 22nd. John Monroe seconded. Motion carried.**

**2. Financial Report**

Allan Kaplan reported that the first quarter financials were the worst in the company's history. He has been involved from the beginning. A "perfect storm" of accounting events occurred during the month. Insurance renewal hit in 2011 rather than 2010 as budgeted (\$6,300). Property tax was paid in first quarter rather than 2<sup>nd</sup> quarter as budgeted and as normally paid (about \$4,000) He asked about a repair and maintenance expense in February from Fann Environmental of \$851 noted as "HD Supply". Bob nor Mike Young could not recall the item. *[Note: After the meeting, it was determined that the expense was for 4 invoices from HD Supply for several meter registers (to replace those on frozen meters) and a replacement meter for the Post Oak Well.]*

Revenue was right on budget, up about \$2,000 from a year ago. MDI billing was down about \$4,000 from a year ago. Last year billing was high due to an extra billing in first quarter. Outside Services was higher this year, due to payment of about \$2,000 to Civiltec for updated drawings and \$1,600 to Clear Choice for website redesign.

April financials were received prior to the meeting. Typically, April shows a surplus, but due mostly to the tank painting this month, the net income is slightly negative. He suggested that net income for the first half of 2011 will be about \$5,000 less than a year ago. Dave Kramer asked about the \$5,000 budgeted for repairs and maintenance vs spending only \$1,093. He asked if something that was expected did not happen. Alan explained the quarterly budgeted amount is a historically based number and nothing planned had been deferred. The tank painting was budgeted later in the year. Dave asked whether some water testing was deferred, since \$3,700 was budgeted, but only \$1,500 was spent. Alan again explained that water testing was budgeted based on historical information and trends. Mike Young indicated that no testing was deferred, and that some tests are done monthly, and others are less frequent.

John James noted that a CD matures on Friday, May 20<sup>th</sup>. He will try to find something comparable. The latest GOWUA CD gets 1.6% interest on a two year CD. After some discussion, it was agreed that the money should be invested in a one year CD. The present balance in the Corporate Account is \$47,222. The Operating Account balance is \$24,024.

### 3. Operator Report

Mike Young attended in place of Jim Muylle who normally makes a report. Mike asked if anyone had any questions for him. He indicated that Jim Muylle had provided a cost proposal to install an additional pump at the Post Oak pump station. Bob added that the quote included about \$3,550 for the pump, \$1,500 for electrical and the rest being for labor, equipment and materials, for a total of \$7013.98. Mike explained that the pump would be an additional fire pump to serve as a redundant pump. He indicated that there were concerns expressed that the underground piping to the street might not be large enough to handle the flow. The system would be set so that it would modulate up or down to maintain the correct pressure or shut down if an overpressure would occur. He stated that manufactures are not shelf stocking these items now, so there could be a long lead time to obtain a pump in the event of a failure. The existing pumps are adequate to handle present needs. A new pump would provide redundancy. The board discussed whether the additional reliability is worth the cost. There was general expression that it would be worth the cost.

**Motion: John Monroe moved to have the new pump installed (cost \$\$7013.98). Gerry Tumey seconded. Motion passed unanimously.**

John James asked about the proper water pressure to have at a house. He had a plumber recently tell him that his pressure at about 75lbs is too high. Mike explained that most regulators are set at about 55lbs. Some homeowners set the pressure much higher. It is somewhat up to the homeowner, depending on up the capability of the water system. GOWUA pressure at the pump station is about 55lbs. Any home at a lower elevation, will have a higher potential pressure, depending on how much lower it is than the pump station. Mike indicated that 75lbs is not too high a pressure.

### 4. Managers Report

Bob reported that since that last meeting, the 2010 company tax returns have been filed, along with the annual report to the Arizona Department of Revenue. He stated that the website has been updated as suggested at the March meeting: adding the emergency call number, the service area map, the AutoPay application and a current news page. The tanks were painted at a final cost of \$5,228.90 (vs \$5,293.27 as reported in the Manager Report). The repairs to the generators have not been made because GenTech is waiting on the manufacture of a new manifold for the Glenshandra generator. In the meantime, Jim Muylle arranged to have the leaking manifold welded and reinstalled. Bob indicated he would contact Gentech and arrange for the other repairs to be scheduled and have the manifold shipped to GOWUA. Fann will have it installed when it arrives.

*Action Item: Bob will schedule GenTech to make the remaining repairs and have the manifold shipped to GOWUA.*

The backflow prevention device testing is underway for 2011. A number of results are in, but four are still outstanding. The Glenshandra meter was replaced. The old meter has been retained as a shelf spare.

Bob noted that the water loss for the past three months was: Feb-7.01%, Mar-5.51%, Apr-5.15% vs last year; Feb-5.08%, Mar-5.92% and Apr-3.85%. The loss or unaccounted for water seems to

be about the same as a year ago. There was some discussion about whether the unaccounted for water is "lost" water. Mike explained that customer meters operate within a 3-4% accuracy range, with the inaccuracy more likely at lower usages. Jim Peoples noted that for most systems, 5% is considered good. Mike Young stated that GOWUA is a very tight system and that anything under 10% is considered acceptable.

The candidate deadline for this year's election is Friday. No one has stepped forward as a candidate. Gene Zutell was then introduced as a candidate for this year's election.

## **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.*

Rusty asked if the item referred to surge protection or lightning protection. Dave stated it referred to surge protection. He indicated that there is a small surge protector at Post Oak, but a larger one would be better. Some discussion ensued as to whether to keep this action item. It was agreed that it would be kept.

### **5b. Glenshandra Fencing**

Rusty reported that he attempted to review pros & cons and alternatives in fencing Glenshandra. He reviewed records back to 2006 to see if there were any county permit requirements to consider. There does not appear to be any requirements/restrictions by the county. He asked Mike Young if there were any ADEQ requirements. Mike indicated that ADEQ inspectors will usually point to lack of fencing as a deficiency in regard to Homeland Security and Vulnerability Assessment. It may vary with individual inspectors.

Rusty stated that the objective seems to be to improve security. He reported that he, Duane Gann and, Ed Tumey reviewed the site, at security, since Duane and Ed had done much of the work at the Glenshandra site. The building is secured with locks. Security bars could be added to the windows. The well head is secured on the sides with a 4ft fence and on the top with fencing. The generator is not fenced. Gerry reported that she went to the site yesterday and discovered that the generator doors were not locked, and that she had direct access to the battery, the diesel fuel. She questioned why the generator doors were not locked.

*Action Item: Fann Environmental will arrange to get keys and keep the generator locked.*

Gerry also reported that the landscaping is in bad shape and needs attention. Rusty commented that he would like to deal with the fencing and get back to the landscaping issue later. He then presented a couple of options for fencing: One was to fence the building and generator as proposed in a sketch by Jim Muylle. Another was to enclose the generator by adding a 3 sided fence adjoining the building on one side. There was a general agreement that fencing the building and generator was not necessary or desirable.

Dave suggested that a three sided fence should enclose the generator and the well head. Then no one would be able to climb up on the well head and get over the fence into the generator area. It would also look better, more uniform than having multiple fences. Jim Peoples asked that if we locked the generator, why do we need the fence? Gerry stated that if we added a fence, the generator could be left unlocked. John Monroe asked which approach would give the best security? It was a general view that the generator should be kept locked in any case. Mike Young added that a fence or no fence is probably up to the company, as ADEQ may or may not require it.

**Motion: Dave moved to have a three-sided fence installed around the generator and well head (6ft, color coated). Ken Mino seconded. Motion passed unanimously.**

## **6. New Business**

### **6a. Election**

Jim Peoples indicated that two seats are up for election this year: Rusty Minor's and Ken Mino's terms expire. Ken has agreed to run again.

Gene Zutell is interested in serving.

Rusty inquired about the timing of the election. Bob indicated that the new members should be elected prior to the Annual Meeting in July, so ballots should go out no later than the end of June to be returned by mid-July. The candidate deadline is May 20<sup>th</sup>, so ballots could go out at the end of May with billing and the voting time could be a bit longer than if they are sent out at the end of June. The board preferred to send them at the end of May.

*Action Item: Bob will arrange to get ballots sent with billing at the end of May.*

Rusty suggested that a short bio of the candidates be sent out with the ballots. He also suggested that the new board resist the temptation to select a new board member as Secretary.

### **6b. Annual Meeting**

Jim Peoples asked if a site has been determined. Ken Mino volunteered to host the meeting in his garage again this year. Bob announced that Civiltec has agreed to conduct their presentation on groundwater harvesting at the annual meeting. The presentation is about 40 minutes long. It could help to get shareowners to attend. The meeting will be at 9:00am, Saturday, July 30<sup>th</sup>. Bob will have a notice sent out prior to the meeting.

## **7. General Discussion**

Bob stated that following the last meeting, he contacted John Rasumssen, the Water Coordinator for the Yavapai County Water Advisory Committee, and Shaun Rydell, Water Conservation Coordinator for the City of Prescott to follow up on water conservation ideas. Shaun's first suggestion for the most effective action would be to set up tiered rates. As the board has discussed before, that may have unintended consequences in GOWUA territory. Bob then suggested that the board consider the possibility of getting legislation sponsored that would prevent property owners within a water company area from drilling wells. Such a law would likely need to be statewide. Given the water politics in Arizona, this would likely be a daunting task. Currently, anyone who lives within 100 ft of a water service line of a "water provider" may not drill a well. The term "water provider" is so defined as to limit its application to cities like Phoenix, Tucson, Prescott, Flagstaff and maybe one or two more.

Other ideas would be to publicize or give recognition to low water users; ie in the newsletter, or a sign on their property, etc. Ken Mino suggested that if some of the heavy users cared about their high use, it might be a good idea. He said he was also frustrated with the water legislation in the state, and that it seems like nothing will be done until the water doesn't come out of the tap. Our water levels are dropping about 10ft a year and that can't continue forever.

Jim Peoples wondered whether a county wide ordinance would work. Others noted that the water politics of the Board of Supervisors would prevent anything like that from being adopted.

Alan asked when the last well was drilled in the company area. Bob responded that one or two geothermal wells were drilled in the last year and a half. The only other domestic well(s) drilled in the last few years were drilled by Henry Wamboldt and Duane Gann. The company is not notified when a well is drilled within our area. We just have to find out by accident or observation.

Jim Peoples commented that the redesigned website looks very good. Rusty stated that it is excellent, that information is easily accessible and anyone interested in the company can easily research using the site.

There being no further business to discuss, Jim Peoples asked for a motion to adjourn.

**Motion: John James moved to adjourn the meeting. Gerry Tumey seconded. Motion carried.**

The meeting was adjourned at 9:30a.m.

**Next meeting: July 27, 2011, 8:00am – Post Oak Site**

Minutes transcribed by Bob Busch

**Submitted By:**

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**Secretary**