

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of July 25, 2012

Approved 9/26/2012

THOSE PRESENT

BOARD MEMBERS

Jim Peoples, President Ken Mino, Vice President John James, Treasurer John Monroe, Secretary Gerry Tumey, Director
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Contract Staff

Bob Busch, MDI Taxes & Acctg Jim Muylle, Fann Environmental
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Guests

Davin Benner- Granite Basin Eng'g Ben Huza – Granite Basin Eng'g

The meeting was convened at 8:00 am by Jim Peoples. Board members Dave Kramer and Gene Zutell were absent.

1. Election Results/Election of Officers

Bob reported that John James received 69 votes, Jim Peoples received 68 votes, with Rusty Miner receiving a write in vote.

Jim Peoples announced that all offices were open.

Motion: John James moved to elect Jim Peoples as President, provided he does not object. John Monroe seconded. Motion carried.

After some discussion, Ken Mino indicated he was willing to serve as Vice President.

Motion: John James moved to elect Ken Mino as Vice President. Gerry Tumey seconded. Motion carried.

After a brief discussion, John James indicated he was willing to serve as Treasurer and John Monroe was willing to serve as Secretary.

Motion: John Monroe moved to elect John James as Treasurer and John Monroe as Secretary. Ken Mino seconded. Motion carried.

The slate of officers for 2012-13 is:

Jim Peoples – President
Ken Mino – Vice President
John Monroe – Secretary
John James – Treasurer

2, Minutes of Previous Meeting

Jim Peoples asked if there were any comments or corrections to the Minutes of the May 16, 2012 meeting. Bob stated that there were several typographical errors or grammatical errors in the draft minutes. He reviewed the corrections.

Motion: Ken Mino moved to approve the minutes of the Meeting of May 16, 2012 as corrected. John James seconded. Motion carried.

3. Reports

3a. Granite Basin Engineering

Davin Benner handed out copies of a GOWUA system plan and cost estimate sheet. Davin reported that he would discuss the existing system capabilities for fire flow and then what would be necessary to get to 850 gpm, then what would be needed to get to 1000 gpm.

Ben Huza reported that there are a couple of areas in the system that are unable to achieve 500 gpm fire flow at present. The water model shows that Mesa Oak Ct and Royal Oak Ct. are 4 inch lines and cannot achieve 500 gpm. Upgrading the lines to 6" or 8" lines would enable those areas to achieve 500gpm. This was identified in phase 1 of the cost estimate sheet.

The next tier, 850 gpm could be achieved by connecting the Post Oak pump station south to Charter Oak Dr. with a new 8" line and by closing the loop at Glenhaven. This was identified in phase 2 of the cost estimate sheet.

To achieve 1000 gpm, approximately 22,000 ft of line would need to be increased to 8" diameter. This was identified in phase 3 of the cost estimate sheet. Since present fire code calls for 500 ft spacing of fire hydrants, GBE suggested that the additional fire hydrants needed to reach 500 ft spacing be done in the first phase.

Jim Peoples asked if GBE knew what the current ISO certification is at present. Davin stated he did not know, but indicated it was likely near the bottom of the ratings due to the present flows. Jim asked if the average property owner would save \$100 per year if the system were upgraded. Davin was not certain, stating that what was presented would be a long term plan, implemented over 5 to 15 or more years. He stated he could look into what savings could be. Davin said that what GBE hoped to get from the Board at this meeting was a sense of direction, whether the Board wants to move to the 1000 gpm flow, or to some intermediate goal.

Ken Mino posed that if the project was spread out over 10 or 15 years, how likely would it be that more strict requirements would be in place by then. Davin concurred that it could likely be higher, but stating that the 1000 gpm has been the standard for over 20 years. There are provisions in the fire code for lesser flows, depending on lot size and other factors.

Jim Peoples stated he thought that if the company were to do something, it seemed like phases 1 and 2 could be combined. He asked Allan how much cash is available. Allan stated that there is approximately \$440,000 cash including Operating and Corporate accounts. About \$375,000 could be available. Jim stated that we would not want to take that to nothing. Davin stated that the cost estimate shows \$375,000 in hydrants alone. About 75 additional hydrants would be needed to achieve 500 ft spacing. Bob stated that he thought the company was attempting to reach 500 ft spacing with the addition of 30 some hydrants years ago. Davin indicated that the south end of the territory comes close to 500 ft spacing. Spacing is farther in the north section of the territory.

Allan commented that with the earlier fire hydrant projects, hydrants cost about \$3,000 each. Is \$5,000 now a good figure? Davin responded that he thought so, but that maybe with competitive bidding, the cost might be less.

Ken Mino asked if we have areas where present spacing is over 1000 ft. Ben indicated that there are sections in the northern portion that exceed 1000 ft. Davin replied that spacing along Valley

Oak approach 1500 ft. Davin also stated that 75 new hydrants is a theoretical, mathematical number and that a detailed review of plans taking existing hydrants into account would likely reduce that number.

Bob suggested that it would be reasonable to consider achieving 850 gpm and adding a few hydrants in the north to reduce spacing, but not to try to achieve 500 ft spacing. Davin agreed that for now phases 1 and 2 could be combined to achieve 850 gpm.

The proposed project includes \$10,000 for a new chlorination system. Jim Muylle indicated that the injection points on the current system are becoming corroded. Davin reported that there does not see a benefit to utilizing SCADA controls for the system.

Allan asked about the engineering fees. Davin replied that the 15% engineer fees includes design and construction administration and is a generally used rate for the industry.

Ben indicated that 34 existing hydrants could achieve 1000 gpm now. An additional 8 could achieve 950.

Ken stated that just meter installation would take all our cash. At the current annual cash flow, it would be a really long project. Davin replied that Phase 3 is a really big step. Jim Peoples thought all that should be considered now is phase one. John Monroe suggested that Phase 1 and 2 should be reversed, and do Phase 2. Davin stated that it could be done that way and that phases could be constructed according to the Board's input. He suggested that consideration should be given to eliminating 4" lines.

Bob suggested establishing a budget for a project, and then determine what could be done within that budget. Davin offered that once a budget is arrived at, the cost estimates could be refined based on the project.

There was some discussion about the advisability of borrowing money for the improvements, with no conclusion reached. Jim Peoples suggested combining phases 1 & 2 with 25 hydrants, and options for additional 25 hydrants. There was some discussion about phasing and what the first priorities should be. Jim Peoples suggested that items 1,2,3, 7,8 and 9 could be done with some fire hydrants.

Bob asked if the study has included the determination of amounts needed for plant replacement. Davin replied that it is a part of the contract, but that portion has not been done yet.

Davin suggested that GBE would use the Board's input to refine the project to achieve phases 1 & 2, with some additional hydrants and return to the Board for review. They would certainly be ready by the September Board Meeting.

Jim Peoples thanked GBE for their work and attendance at the meeting.

3b. Financial Report

Allan reported that customers are up to 457, up 3 from last year. Income is up by about \$5000 over budget. Allan indicated that the cost of the tax return was \$675 vs \$375 from last year. Repairs & Maintenance are under budget by about \$3500, and overall, Operating Expenses are under budget by about \$1000. In comparison to last year, operating revenue is up about \$5000, expenses are up about \$1000 and overall, net income is about \$3000 higher than last year. On the Balance sheet, cash is down about \$17,000 from December 2011. There has been an increase in net assets of about \$13,000. About \$110,000 of CD's mature next year. New CD's

are earning less than 1%. Cash has decreased by about \$17,000 from last year due to purchase of assets, and some increase in expenses.

John James reported that as of yesterday, there was \$30,500 in the Operating Account and \$63,290 in the Corporate Account. He reported that MDI wrote an NSF check last month because of the \$7,000 check to Granite Basin Engineering. He was able to get the NSF fee reversed. He reported that he has set up overdraft protection on the account so that the company won't get charged if this happens in the future.

3c. Operator Report

Jim Muylle reported that there have been no ADEQ violations. The reported on some minor equipment repairs made. Samples for tri-halomethanes and inorganics were taken this month, so there will be additional testing bills for that. He reported that a peak flow of 355,000 gallons was reached on June 7th and 350,000 gallons pumped on July 8th. He reported that a meter was checked on Greenbrier where the customer insisted that the meter was 50% fast. The meter checked ok.

He reported that there was a blown fuse at the Glenshandra well for an unknown reason. He replaced the fuse and it is running ok. He reported that On July 7th, a Sunday, his pump chart indicates that a fire pump ran for 2 hours. It appears to be about 10 am. This may well be related to the peak flow read on July 8th of 350,000 gallons. There was no known cause.

3d. Manager Report

Bob reported that he had called Mr. Zych of 2115 Glenshandra and discussed the water hammer problem. Mr. Zych said that when his neighbor's irrigation came on, his, Mr. Zych's water lines vibrated continuously. The irrigation was apparently set for early morning, and the sound caused his dog to wake up. He said he had a plumber come out to inspect his property and the plumber suspected that the neighbor's meter could be causing the problem. I called the plumber and discussed the situation. He said that when the neighbor's irrigation came on, the neighbor's meter box vibrated continuously. I then had Fann replace that meter, and the problem seems to be fixed, although the neighboring house is now vacant and the service is off. Mr. Zych has written a letter, requesting reimbursement of the cost of installing a pressure regulator and the cost of the plumbing inspection, along with a \$200 credit to his water bill for the aggravation and inconvenience. Bob indicated he has not responded to Mr. Zych's request as yet. There was a general agreement that a credit should not be given. Bob recommended that the cost of the plumber consultation be reimbursed. Jim Peoples called for a motion for the record.

Motion: Ken Mino moved to reimburse Mr. Zych for \$82.50 for the plumbing consultation. Gerry Tumey seconded. Motion carried.

Bob referred to the Comparison Reports for May and June. May water loss was nearly 9% and the loss for June was less than 1%. There is no data pointing to an explanation for the variation. Bob reported that all meters in the system have been checked by Fann. One meter belonging to a non-customer was found open, but no usage on the meter has occurred since it was disconnected. The meter is now off and locked.

4. Old Business

4a. Action Items

Bob reviewed the action items from last meeting and all have been completed.

4b. Annual Meeting

Bob stated he will not be able to attend the Annual Meeting. Jim Muylle indicated he will not be able to attend either. John Monroe asked if there was an agenda for the meeting. Jim Peoples

noted that between reports by Allan and Mike (Young), that usually takes care of most of the meeting.

Action Item: Bob will contact Mike Young to see if he will attend the Annual Meeting. Bob will let Jim Peoples know.

The Annual Meeting will be at Ken Mino's, 2560 Mesa Oak Ct at 9:00 am.

There was some general discussion about plans for Williamson Valley Road and projected area growth.

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 approximately 9:45a.m.

Next meeting: Wednesday, September 26, 2012, 8:00am – Post Oak Site .

Minutes transcribed by Bob Busch

Submitted By:

Secretary