

Granite Oaks Water Users Association
Board Meeting Minutes
Meeting of September 26, 2012

Approved 11-28-12

BOARD MEMBERS

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

THOSE PRESENT

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, Gene Zutell and Gerry Tumey were absent.

1. Minutes of Previous Meeting

Jim Peoples asked if there were any comments or corrections to the Minutes of the July 25, 2012 meeting. Bob stated that there were several typographical errors or grammatical errors in the draft minutes. He reviewed the corrections.

Motion: John Monroe moved to approve the minutes of the Meeting of July 25, 2012 as corrected. John James seconded. Motion carried.

Jim changed the order of business to have the Operator Report first, since Jim Muylle had to leave early.

2. Reports

2a. Operator's Report

Jim Muylle reported there were no ADEQ violations during the last two months. He stated that 457 meters were read in August. A problem with the Glenshandra generator occurred in August which appeared to be a problem with the programming. The problem was cleared with no repairs required. He noted that there is a drainage problem at Deerfield that causes a sand buildup at the gate. He asked if some correction should be undertaken. After a brief discussion, it was generally agreed that Fann Environmental would make some recommendation to Bob Busch regarding repairs.

Action Item: Jim Muylle will discuss correction of drainage situation with Bob Busch and arrive at a solution.

2b. Engineering Report

Davin Benner of Granite Basin Engineering presented to the Board, a draft of the **2012 Capital Improvement Program Report** along with a full size color map exhibit. Copies of the draft report had been previously emailed to Board members. Davin indicated that the report listed 5 separate priority areas for upgrade/improvement:

1. Post Oak-Twin Oaks Connection

2. Bard Ranch Court Line Upgrade
3. Royal Oak Court Line Upgrade
4. Mesa Oak Court Line Upgrade
5. Glenshandra-Granite Oaks Connection

He indicated that proposed items 2 thru 4 are upgrades of 4" lines to permit 500gpm flow. He said that 500 gpm flow can't be achieved with a 4" line.

Davin reported that all 5 priority items could be completed within a year. He stated that on the line upgrades, new fire hydrants were proposed along with new remote-read meters. He stated that the remote-read meters could be configured to work with the existing reading system.

There was discussion about scheduling and the possibility of phasing the work. Davin responded that the work could be divided into separate projects; designed and constructed separately, although that would not be the most cost effective approach. There was discussion about the funds available for the project. Alan Kaplan produced an exhibit showing that GOWUA has over \$455,000 cash on deposit. John James stated that about \$30,000 is needed in Operating Account, plus at least \$50,000 in the Corporate Account.

Alan Kaplan asked about permit fees. Davin responded that permit fees should be approximately \$2,000.

There was discussion about the possibility of doing all design work, and bidding construction work in phases. It was suggested that the Royal Oaks and Mesa Oak Court Upgrades, the remaining work would cost about \$160,000. Davin indicated that the three small phases include 3 new fire hydrants and 4 new remote-read meters.

After further discussion a motion was made to authorize GBE to prepare construction drawings for the five priority phases.

Motion: John Monroe moved to authorize GBE to prepare construction drawings. Ken Mino seconded. Motion passed.

Action Item: Bob will obtain the design contract proposal from GBE and email to Board Members for authorization to approve..

John James asked for a projection of cash requirements for payment to GBE. Ben Huza responded that GBE could prepare a billing projection based on their work schedule.

There were no comments or suggestions to GBE about changes to the draft report. Davin said he had some cosmetic changes to make, none to content, and that he could forward the final report by the end of the week.

2c. Financial Report

Alan Kaplan stated that this is an interim month and a quarterly analysis will be done at the next meeting. He did report that the 4 CD's at Amtrust are yielding from .8 to 1.0% interest. He reported that Net Income through August was about \$15,000, down from last year. Cash is up \$16,000 from June, but down about \$1,700 from the end of 2011.

He noted that two new account connections were reported by MDI, but no associated revenue.

Action Item: Bob will investigate the discrepancy between new accounts and revenue.

2d. Manager's Report

Bob reported that he received an inquiry about a service connection from a property owner on Granite Oaks Drive, outside the subdivisions, but within service territory. The inquiry was from a buyer and was not a request as yet. Jim Peoples asked about who is responsible for the cost of connection. Bob responded that the customer provides the funds up front for the service connection and meter. The company repays that amount to the property owner over a 10 year period.

Bob reported that Mr. J. Zych, the customer on Glenshandra with the water hammer problem, has returned the check issued to him for the plumbing consultant, stating he was not accepting the resolution offered by the company. Bob stated that Mr. Zych says the water hammer situation is much improved, but Mr. Zych would not say it has been corrected. Mr. Zych wants the company to reimburse him for the cost of the consultant AND the cost to install a pressure regulator, which he said the company told him to install. The regulator did not fix the problem and he doesn't feel it was needed. In an earlier letter, Mr. Zych also asked for \$200 for his aggravation, although Bob indicated that he did not mention that amount in his last conversation with him.

There was some discussion about whether or not to take any action at this time or wait until the company gets a letter from Mr. Zych's attorney. Ken Mino asked if the Company had responded correctly. Bob said that he did not completely understand Mr. Zych's complaint until he talked to the plumber, who told him the hammer situation was continuous while the neighbor's irrigation was running, rather than a single surge. The plumber said that the ground around the neighbor's meter would vibrate enough to shake the ground. The meter was replaced shortly afterward. Shortly after that, the neighbor's service was disconnected for non-payment. Bob stated the problem Mr. Zych was experiencing was not occurring on his property, but was coming from the company side of the meter and out of his control to resolve.

After further discussion the following motion was offered:

Motion: John Monroe moved to offer to pay Mr. Zych for the plumbing consultant and regulator, provided that Mr. Zych accepts that as full payment. Ken Mino seconded. Motion passed unanimously.

Action Item: Bob will have the property next door to Mr. Zych checked to make sure the problem is solved. (Some repair may be needed to the neighbor's irrigation system.)

3. Old Business

3a. Action Items

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

4. New Business

4a. Capital Replacement Fund

Bob referred to several documents he retrieved from company archives referring to a Capital Replacement Fund that was established by the Company in 2001. Although the fund was to be increased annually, it has only been added to three times since 2001.

Bob recommended that an account be included in the Balance Sheet, identifying the Capital Replacement Fund with an associated amount that could be periodically reviewed.

There was discussion about whether past capital expenditures could have been considered replacements. Alan Kaplan produced a list of annual capital expenditures, and upon review, it appeared that a number of projects included plant replacements.

Action Item: Bob will review capital expenditures since 2001, identify plant replacements and take these into account in establishing a Capital Improvement Fund on the Balance Sheet.

It was a general consensus that as CD's mature or at another time, individual CD's could be re-designated as CIP Fund items.

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

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

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

Next meeting: Wednesday, November 28, 2012, 8:00am – Post Oak Site.

Minutes transcribed by Bob Busch

Submitted By:

Secretary