

Granite Oaks Water Users Association
Board Meeting Minutes
March 24, 2010

Approved May 19, 2010

THOSE PRESENT

Board Members

Jim Peoples, President
Rusty Miner, Secretary
John James, Treasurer
Ken Mino, Director
John Monroe, Director
Dirk Stringham
Dave Kramer

Contract Staff

Bob Busch, MDI
Jim Muylle, Fann Environmental
Allan Kaplan

Guests

Duane Gann
Ed Tumey
Charles Hildebrandt (after 9am)

The meeting was convened at 7:50am by President, Jim Peoples

1. Minutes of the Previous Meeting

Jim called for comments on the minutes, (1/27/10). Their being none, he called for a motion to approve.

Motion: Dirk moved to adopt the minutes of January 27th. John Monroe seconded; motion carried.

2. Financial Report

Allan Kaplan reported that he reviewed financials for the first two months of 2010. Revenue is about the same as for this point in 2009. Expenses are slightly higher than for the first two months of last year. Net income is down about \$1,250 from a year ago, due primarily to insurance and higher MDI expense and insurance. The insurance appeared in March of 2009 vs February this year. Cash flow is up by \$3,000. Alan explained that GOWUA did not recognize interest of \$1,045 from the M&I CD in 2009. Allan advised MDI, and the 2009 financials were adjusted to include the interest. The cost for removal of the tree from the Deerfield right of way was booked as capital. It will be changed to an expense for next month's report.

John James reported that the balance in the Operating Account is about \$22,600 and the Corporate Account is about \$59,900.

3. Operator Report

Mike Young reported that the system is running fine. ADWR recently checked water levels at Post Oak and Deerfield. The Post Oak level is 314ft and Deerfield is 201ft. Glenshandra well can't be measured because sounders become entangled and damaged or lost.

Gen Tech completed work on the Glenshandra generator.

There was some discussion about the higher amount of unaccounted for water this year to date vs last year (February 09- 3.3%; Feb 20- 5.1%). System loss has typically been around 3%. There was discussion about meter accuracy and meter reading schedules. System loss over a longer period, ie a year is more significant than monthly figures.

It was pointed out that in February, three customers accounted for 10% of total system use.

Rusty asked if there are any major maintenance items scheduled for this year. Mike indicated that no major maintenance items are needed this year. In a response to a question about painting the tanks, he indicated that the factory coating is in very good shape. Once painted, the tank will require more frequent maintenance.

4. Managers Report

Bob reported there will be a water conservation brochure in this month's bill. He stated he has revised the format for the "How Do You Compare" insert for this month's bill.

The website has been updated, and a page added for backflow prevention devices.

Bob stated that a book of Backflow Device systems and applications will be available in the GOWUA files.

Bob asked for suggestions for the upcoming newsletter.

One disconnect notice and 6 late notices and were sent out this month. All have paid except 3 delinquencies. Those will receive disconnect notices if not brought current by early next month.

Jim noted that the past due list report is not very meaningful and a report showing only the delinquencies and shutoff notices would be more helpful and waste less paper.

Jim asked about an account that was off and billed, with a balance due. The account has not been paid. There was a following discussion about whether GOWUA could lien property or collect past due amounts from a purchaser through escrow. Dave suggested that perhaps a mechanics lien could be filed. Mike Young indicated he knows of private water companies that are filing liens.

Action Item: Mike Young will get specifics regarding private water company practice for Bob to follow up.

5. Old Business

5a. Action Items

Open items:

Action Item: Fann Environmental will be responsible for arranging for checking motors periodically and graphing the results to help determine when motors are susceptible to failure. Ongoing.

Rusty noted that the chlorine shed authorized by the board has not yet been completed.

Action Item: Mike Young will follow up on the status of the chlorine shed.

5.b. Service Extension

Bob reported that he has contacted the ACC, Yavapai County, Fann Environmental and the property owners regarding the service extension the DelGrollice property on Bard Ranch Rd.

He indicated that there are several matters to consider:

- Board Authorization- GOWUA would need to authorize proceeding with the project.

- Property owner agreement – property owner would have to agree to pay all the costs of the extension.
- Execution of an Extension Agreement. A boiler plate agreement is available from the ACC website. It provides that the property owner pays all the costs for the extension, and receives a payback for the portion of the line owned by GOWUA (from the service line to & including the meter) of 10% of revenue received from the customer for a 10 year period.
- Preparation of Engineering Drawings – Yavapai County will require engineered plans and permits.
- Notification to the ACC – a letter of explanation per R14-2-402C is required. A standard format and requirements are on the ACC website.
- Yavapai County will require engineering drawings and permits like any other project.

Mike Young indicated that Fann Environmental can provide the engineering drawings needed. He indicated that 75ft of main line would need to be added (6" line) and a 2" blowoff at the end, with a meter box for a cost of about \$8,400. Service to the customer would require about 250ft of 1" copper, and a backflow prevention device, for about \$5,100. The total for the project would be about \$13,580 not including engineering or permits.

A discussion concerned possibly setting a precedent by serving this property and the impact on the GOWUA water allocation. GOWUA must serve all property within its service area with present water allocation. Adding customers outside the service area will not increase the allocation. GOWUA is presently using about 90% of the allocation with 450 customers. There are approximately a dozen parcels of varying sizes that must be served if the property owner wishes (and they are willing to pay the connection costs). There was discussion about service area boundaries, AMA boundaries, and other parcels that could possibly be in a similar position.

There was also discussion about possibly extending the main with a 2" line rather than a 6" line. Jim suggested that it might be better to serve the properties and have some control rather than having the properties all have wells and we have no control whatever. If they can't get well water, then property values in the area might be affected. The property owner can't transfer his well water right for the exempt well to GOWUA to increase out water allocation. An exempt well allows the owner to pump up to 35gpm.

Dirk mentioned that the average well in the county is declining by 2ft per year and GOWUA wells are receding by 8ft per year.

A question was raised about whether restrictions could be imposed as a condition of service.

There was also a question about the rebate due to the customer under a possible agreement. The rebate would be for the cost of that portion of the line between the meter and the existing main line. The customer pays all the costs of the extension up front. The Company then rebates to the customer, 10% of the amount of gross annual revenue collected from that service each year. The rebate terms end after 10 years.

There followed considerable discussion about other properties that border GOWUA service area, that could at some time, request connection to the water company, and a possible precedent being set by agreeing to serve the Bard Ranch property. It was suggested that the board should get legal advice on these issues before deciding whether to proceed. It was generally agreed that more information was needed to make an informed decision.

Motion: Dirk moved to authorize Bob to contact Doug Nelson, attorney to get his opinion on whether a precedent would be set by serving this property and whether conditions could be placed on providing service. John James seconded. Motion carried.

5c. Post Oak/Generator Noise

Jim reported that he and Bob met with Charlie Hildebrandt a few weeks ago and that Charlie prepared a proposed solution.

Charlie indicated that there were some complications in implementing a plan. Space inside GOWUA property is limited. Landscaping, especially trees, need to avoid the service lines entering the pump station property. A possible solution would be to add trees or shrubs along the easement to the south (on adjoining property) for some distance to get best results.

The property owner to the east would allow GOWUA to put plants on his property if the Company provides the water. Jim said that if GOWUA provided the plants, he would provide the water. He asked if treating the side of the building with sound deadening material would help.

Charlie indicated that any landscaping will help, but the deeper the planting area, the more effective it would be. Landscaping does not provide instant results. It may take a few years to get maximum effect.

It was generally agreed that the objective was to get some reduction in noise levels. After discussion, it was felt that planting pyracantha along the east and south fence lines could provide some noise reduction. Charlie suggested a hardy variety that could be used. Little or no maintenance would be needed.

Motion: Ken moved to add pyracantha inside the south east and south with one dissenting vote by Rusty Miner. . (The cost is expected to be approximately \$4,500). sections of the fence along with a watering system. Dirk seconded. Motion passed

5d. Future Water Issues.

Dirk reported on his activities on the Safe Yield Group of the Upper Verde Water Protection Commission. He indicated that the group will make its report to the board of directors today (March 24th) at 2:00pm at the Prescott City Council Chambers. The final version will be available on the internet. The report includes the draw down of water levels in the area, and impact and cost of taking no action. The report recommends taking more positive action to achieve safe yield, including recharge. The cost of conserving water is about \$3,000 per acre ft. The cost of recharge is about \$25,000 per acre ft. The report presents some alternatives, including establishing a replenishment district in Yavapai County.

During a discussion regarding GOWUA service area boundaries, AMA boundaries and lots, it was suggested that Fann be authorized to update our system drawing with current properties in the service area and the AMA boundary.

Motion: Ken moved to authorize Fann Environmental to update the drawing. John James seconded. Motion carried.

6. New Business

Allan asked if the next meeting, scheduled for May 26th, could be moved to May 19th. He has a conflict and will not be able to attend on the 26th. There was no objection, but several members needed to check their schedules before committing to the change. Members will advise by email if there is any problem with rescheduling to the 19th.

There being no new business, Jim called for a motion to adjourn.

Motion: John James moved to adjourn; John Monroe seconded; motion carried.

The meeting was adjourned at 10:20a.m.

Next meeting: Wednesday, May 19th, 8:00am – Post Oak Site
Minutes recorded by Bob Busch
Submitted By:

Secretary