

Granite Oaks Water Users Association
Board Meeting Minutes
May 19, 2010

Approved
Via email

THOSE PRESENT

Board Members

Jim Peoples, President
Rusty Miner, Secretary
John James, Treasurer
John Monroe, Director
Dave Kramer, Director

Contract Staff

Bob Busch, MDI
Jim Muylle, Fann Environmental
Allan Kaplan

Guests

The meeting was convened at 8:00am by President, Jim Peoples. Directors Dirk Stringham and Ken Mino were not present.

1. Minutes of the Previous Meeting

Jim called for comments on the minutes, (3/24/10). Bob pointed out that he did not know who seconded the last two motions in the meeting, so the minutes show a blank for the person seconding those motions. It was determined that John James seconded the motion authoring Fann to update the system drawing, and John Monroe seconded the motion to adjourn. With those changes, Jim called for a motion to approve.

Motion: John Monroe moved to adopt the minutes of March 24th. John James seconded; motion carried.

2. Financial Report

Allan Kaplan reported that net income for the first three months of 2010 shows a loss of over \$8,000. Some of the loss is due to the generator repair bill of almost \$3,700 and an extra month's bill from MDI. MDI had been billing a month in arrears, and billed current at the end of March, resulting in 4 bills paid in the quarter. Net income was about \$5,000 under budget due to revenue being under budget by about \$1,000, the two above mentioned expenses being higher than budget and Outside Services and Water Testing being about \$2,200 under budget.

Allan reported that MDI billing for 2010 so far is about 8% above billing for last year (Jan 2010 vs Jan 2009.) Bob mentioned he recalled that the MDI contract called for about a 3% increase.

Allan reported that cash balance has decreased by \$2,369.

April financials showed a net income of about \$150. Cash flow was down again about \$2,200. Revenue is down about \$8,000. Bob indicated that water sales were down due to water use being down about 6 acre feet from 2009.

One new customer meter deposit was received in first quarter.

John James reported that Summit Bank has changed their fees for the GOWUA accounts. Fees for the two accounts have been eliminated, and an \$.08 per item ACH fee has been added. The bank reversed two months of charges and has moved GOWUA checking to interest bearing accounts. The cost for the ACH charges will be about \$9.00 per month. Interest will generally offset the ACH fees. (ACH fees are the charges to process the Auto Pay transactions). John James reported that the balance in the Operating Account is about \$17,200 and the Corporate Account is about \$69,800.

Four of the six CD's will mature this year. Two of them are at over 4% interest. New CD's will likely be at less interest. One of the CD's will mature before the next meeting.

Bob indicated that Dee Crooker (of MDI) plans to retire in July 2010. She is presently the signer on the GOWUA accounts. Someone at MDI will need to replace her on the account. Bob recommended that Mike Lyon be added to the accounts, unless the board has some objection. The board generally indicated that it was MDI's choice, and the Mike Lyon was acceptable.

Motion: John James moved to replace Dee Crooker with Mike Lyon as signer on the GOWUA, Summit Bank Operating Account as of July 20, 2010. Rusty Miner Seconded; motion carried

3. Operator Report

Jim Muylee reported that the insulation work at Glenshandra is about 95% complete. Fann Environmental is working on revising the system map (Robert Upton), which should be complete in the next few weeks.

Fann Environmental will work on the Consumer Confidence Report and have it available for June mailing.

The chlorine storage shed has not been purchased. Jim promised to follow up.

Action Item: Jim Muylle will follow-up and arrange to purchase a storage shed for the cholrine containers as authorized by the board.

4. Managers Report

Bob reported that water use is down about 6acre feet from 2009, from 40.2 to 34.2 acre feet. Water loss was 3.85% for April, a more normal amount than the 5+% for February and March.

Allan asked about the number of accounts (452) up two from previous. Bob stated that he believed it was due to an overlap of customers, ie two bills sent to the same address during the month. One for a new customer and one for the previous customer. The number of customers on the report represents the number of bills sent out rather than the number of meters in use.

Twelve letters were sent to customers with backflow devices requiring testing. Nine have responded so far. Follow-up letters were sent to three customers on Monday.

Bob reported that Mike Young was unable to find any private water companies that lien property for non-payment. This conforms to information Bob has been able to obtain: Than lien rights are granted by statute, and private water companies are not included in the statute. GOWUA's remedies for non-payment are to disconnect the service and attempt to collect.

Bob reported that the fence repair at Glenshandra is not complete. Concrete needs to be placed around a number of posts.

One customer consultation report was included with the board package. Three or four new customers remain on the list for consultations. No requests have been made by current customers so far this year.

The response from Doug Nelson was emailed to the board. The contract for Mountain Path Landscaping was signed and returned to Charles Hildebrandt. They are to contact Jim Peoples prior to starting. Jim stated that he has been called and the contractor is supposed to be on site today.

One disconnect notice and 6 late notices and were sent out in March. All have paid.

There was some discussion about the three customers with very high use in April (451,210 gallons for 3 customers-10.9% of system total). Jim Muylle reported that Fann had not discovered any customer leaks. There was one call about high use for the month, but it did not appear to be among the very high users. The board expressed interest in knowing who the very high users are, and inquired about available information for past due accounts and high users.

Bob indicated that a report could be created showing the detail of the delinquent accounts (where notices are required). Delinquency and shutoff notices are computed generated. Jim Peoples asked if copies of the notices could be provided. Bob suggested that a report showing detail of delinquent accounts could be prepared along with a copy of the board to consider.

Action Item: Bob will prepare a report and include copies of the delinquent notices for the board to review.

Jim asked how the board felt about getting information on high users. Most felt it is appropriate for the board to know.

Action Item: Bob will prepare a report of those using over 30,000 gallons for the board's review.

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. Post Oak Landscaping

Motion: Rusty moved to adopt Resolution 2010-5 authorizing spending approximately \$4,500 to Mountain Path Landscaping to landscape the Post Oak site. John Monroe seconded. Motion passed.

5.b. Service Extension

Jim complimented Doug Nelson on the memo to the board, stating it was concise and very informative.

John James asked about the rebate/refund due to the customer. Bob explained that the rebate is covered under the extension agreement. Typically, the customer pays for all the improvement that are required (the improvements then a the property of the water company). The customer then receives a refund/rebate of a portion of the annual revenue they pay to the water company for water service- typically 15-15% of the annual gross revenue from the customer. The refund/rebate period continues for 10-20 years and then ends. Any amount remaining on the rebate, is eliminated or forgiven No further rebate occurs. This is similar to the process for a regular customer meter installation, except in this case, the customer may not get their entire cost refunded. That would depend on the amount of water used and paid for. There is not cost to the

water company. The customer, in effect, gets a discounted service rate for a few years. (See discussion in Minutes of March 24th.)

Jim Peoples asked what would happen if another customer were to hook up to the extended line. Would they be required to pay for some of the service extension and would a rebate go toward the line extension? Bob said he was not sure. As a practical matter, there is state land opposite the Bard Ranch property and it is very unlikely anyone would be connected to the line.

There was some discussion about whether to extend the 6" main line or to place a 1-2" service line to the customer meter. The cost may not be much different. The line needs to be extended 50-60 ft to be aligned with a new meter location. There is no other parcel on the south side of Bard Ranch Rd.

The property owner has expressed an interest in continuing with the project. They have indicated that they might wish to have their own contractor add the line from the meter to the house.

There was discussion about future water requirements and the current amount of use. GOWUA's 2009 Water Report to ADWR reported 195.68 acre feet withdrawn during 2009. According to Allan, this would equate to about 225 acre feet at full build out. This does not include the property outside the subdivisions that are within GOWUA service area.

Jim Peoples recommended that a Board Committee be charged with determining the potential service obligations of GOWUA within the service area and to make a recommendation to the board at the next meeting. Committee members are John Monroe, Rusty Miner, and John James. Rusty will be chairperson.

Action Item: The Service Extension Committee will determine the future potential water use needs in the service area, and make recommendations to the board at the July meeting.

6. New Business

6a. 2010 Elections

Three seats are up for election in 2010. John Monroe, Dave Kramer and Dirk Stringham. John and Dave have indicated they will run for an additional term. No other candidates have come forth. Jim and Rusty stated they have talked to possible candidates, but none are definite. The deadline for candidates is Friday, May 21st. Ballots should go out about the first week of June, to be returned by the last week of June. The next board meeting is July 28th.

Board members will contact possible candidates and let Bob know if there are any who want to be included on the ballot. (Following the meeting, Rusty advised that Gerry Tumey would like to run.)

6b. Annual Meeting

The Annual Meeting will be July 31st. A location has not been determined. A location needs to be determined before the first week of July, when notices of the meeting should be mailed.

Action Item: Dave Kramer will contact Ken Mino to determine if the Annual Meeting could again be held in his garage.

6c. Spare Handheld reader

Bob reported that the company has two hand held readers to read meters. They are Psion readers, and are no longer manufactured. Although the two readers are adequate, should anything happen to one of them, another may not be available. He suggested that a spare be purchased in case a problem should occur to ensure that a reader is available. New readers,

using current technology, cost between \$1,500 and \$2,000. A used reader might be found for less than \$500.

Motion: John Monroe move to adopt resolution 2010-6 authorizing Bob to purchase a used handheld for up to \$500. John James seconded; motion carried.

6d. Financial Services Contract

Rusty pointed out that the MDI contract expires in October, 2010. He asked what, if any board review is planned. It was generally agreed that a review by the board was needed, including a possible rebidding of the work. Rusty volunteered to chair a review of the contract and recommend action to the board.

Action Item: Bob will send board members and Allan Kaplan a copy of the present contract.

Action Item: Rusty will review the contract (with input from other board members) and make a recommendation to the board at the next meeting.

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 9:30a.m.

Next meeting: Wednesday, July 28th, 8:00am – Post Oak Site

Minutes recorded by Bob Busch

Submitted By:

Secretary