

Granite Oaks Water Users Association
Board Meeting Minutes
July 28, 2010

Approved 9-22-2010

THOSE PRESENT

Board Members

Jim Peoples, President
Rusty Miner, Secretary
John James, Treasurer
John Monroe, Director
Gerry Tumey

Contract Staff

Bob Busch, MDI
Jim Muylle, Fann Environmental
Allan Kaplan

Guests

Ed Tumey

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

1. Election of Officers

The first order of business was the election of officers for the upcoming year.

John James nominated Jim Peoples and moved that he be unanimously reelected as President. John Monroe seconded; Motion was carried.

Jim Peoples called for nominations for Vice President.

John James moved that Ken Mino be unanimously elected as Vice President; John Monroe seconded; Motion carried.

Jim Peoples called for nominations for Treasurer.

Rusty Miner moved that John James be unanimously elected as Treasurer; John Monroe seconded; Motion carried.

Jim Peoples called for nominations for Secretary.

John James moved that Rusty Miner be unanimously elected as Secretary; John Monroe seconded; Motion carried.

Officers for the 2010-2011 year are:

President:	Jim Peoples
Vice Pres:	Ken Mino
Secretary:	Rusty Miner
Treasurer:	John James

2. Minutes of the Previous Meeting

Rusty noted that the minutes of the May 19, 2010 Meeting were approved via email due to the need for getting a copy to the bank to authorize new signers on the account.

3. Financial Report

Allan Kaplan reported that in his review of payments to MDI for accounting services, that MDI underbilled according to their contract for a number of months prior to October 2009, when they made an adjustment. Billing to date is correct per contract, but some months were under, with an adjustment in October 2009. For 2010, MDI changed their bill date from the first of the month to the last of the month, resulting in 7 bills for the first 6 months. If that continues, GOWUA will book 13 payments for 2010.

June revenues-year to date are on budget. Expenses are under budget by a little more than \$4,000. Accounting expense is over budget as mentioned above, and Water Testing and Repairs and Maintenance are under budget. Net income is \$10,401 YTD vs \$6,600 budgeted YTD.

Revenues are about the same as 2009. Expenses are slightly higher, due to the extra MDI billing and the generator repairs which increased Repair and Maintenance expense above last year. Net Income is down about \$8,000 from last year.

Cash has increased to \$87,000, up about \$7,000 from last year. An additional \$4,248 in assets was added to the Balance Sheet (landscaping at Post Oak), and one additional meter deposit of \$250 was added.

Allan reported that total spent on assets since 1995 is \$821,599.

John James reported that a CD that matured at M&I Bank (\$53,000) was reinvested at 1.75%. An additional \$25,000 was taken from the checking account and invested in a new money market account at 1.5%. Balance in the Corporate account now is \$57,000. Operating Account is at \$22,500. Three more CD's will mature this year.

4. Operator Report

Jim Muylee reported that the chlorine storage shed has been purchased. Annual sampling for the TTHM-HHA & Inorganics have been completed. The 2009 Consumer Confidence Report was completed and distributed with monthly bills. The Mission Communications System alarm malfunctioned due to a faulty mother board. The mother board was replaced for under about \$1,000(after contacting Bob Busch for authorization). Dial out alarms are now working again. Chlorine pump kits will be needed soon to rebuild the pumps.

A customer on Glenshandra has complained about low pressure and water hammer. Jim reported that he has talked to the customer and measured pressure on a spigot at his house and measured 70lbs. The customer complains that when his neighbor turns on the irrigation, the customer hears the water running in his pipes. When the neighbor shuts off the water, the customer complains that he hears water hammer in his house. The customer feels it is the water company's problem.

State regulations require that the water company deliver a minimum of 20lbs of pressure at the meter. Jim Muylle reported that the lowest pressure he is aware of is around 40-50lbs, mostly in the highest elevations in the service area (around the Post Oak site).

After general discussion about the complaint, the general view of the board was that the Company is delivering adequate water pressure to the customer, and that the Company had no further responsibility regarding a possible water hammer problem on the customer's property.

Action Item: Bob will contact the customer and advise him of the Company's view.

5. Managers Report

Bob reported that water use is down about 3 acre feet from 2009, from 80 to 77 acre feet. Water loss was 2.85% for June, a more normal. Water use in June was higher than a year ago (8,726,483 gal vs 6,224,223 gal for 2009).

There were 83 users of over 30,000 gallons in June. Average use was 19,221 gallons for June. There was some discussion about what if anything should be done about high water use. A point

was made that any action taken would need to be taken across the board, not singling out specific customers.

Only two additional water consultations have been performed in the last month. Only 4-5 consultations have been done in 2010.

The Company has received a renewal notice from USC Foundation for Cross-Connection Control and Hydraulic Research Backflow Device. The renewal is \$120 per year. After some discussion, it was the board's view not to renew for the upcoming year. The Company could reinstate a membership sometime in the future if desired.

Gentech has forwarded a proposal to perform annual servicing of the generators. The cost would be \$3,112.36 for all three generators, including a load test. The servicing includes inspection and servicing (including fluid & filter changes).

Motion: Rusty Miner moved to authorize Gentech to perform the annual servicing of the generators at a cost of \$3,112.36. John Monroe seconded; motion carried.

Bob reported referred to the delinquency report forwarded to the board. Six to twelve delinquent notices are sent each month. No customer has actually been disconnected for some time, so most all delinquencies are brought current. None of current delinquencies have been on the list for the past three months. There are 2 or three customers who are chronically late, but eventually pay current before disconnect. There are 3 or 4 former customers who have moved and left unpaid bills, totaling about \$200. One of the accounts is \$144. The others are less than \$50. It was the board's general view that the uncollectables should be written off.

Prior to the close of the meeting, Bob reported on one customer with a backflow prevention device test. The customer has completed the tests for the past few years, but has been reluctant to have the test done this year. The device he has is a grandfathered unit that it not technically testable. After several follow-up letters and threat of disconnect, the customer did have an inspector look at the device. Apparently, the inspector convinced the customer to install a new, compliant device. They tentatively set October as the time to have it installed. Bob stated that unless the board objected, he would allow the customer the additional time to get the unit installed and will continue to follow-up to see that it is installed.

6. Old Business

6a. Action Items

All action items except the following have been completed:

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.

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

6b. Service Extension

Rusty reported that he and John James and John Monroe had studied water use and potential properties that must be served in the service area. They obtained pumping data for the past few years and reviewed properties in the service area to determine which ones currently have service and those that are potential customers. There are 43 lots in the subdivisions that are not currently being served. Twenty two are vacant. Four have been combined. Eleven have residences but are not customers-presumably having a well. Six are vacant and owned by an the owner of an adjacent residence with service. Inside the service area, but outside the subdivisions, are a

potential for an additional 57 customers (including 3 parcels presently within the service territory, but excluded in the service area description). There is a potential of 100 additional customers within the service area. The 100 addition customers would take the total customers to approximately 550. At actual annual usage rates and 550 customers, GOWUA would have exceeded 250 acre feet 5 times since 2002. The 250 acre feet threshold would put GOWUA into the "large water provider" category under the Prescott AMA Third Management Plan, requiring strict conservation practices.

It appears that GOWUA has sufficient water capacity (ie access to water) with existing wells and the possibility of acquiring the well owned by Swazye McCrain, should he choose to split his property and wish to connect to GOWUA.

The following is taken from the Memorandum prepared for the Board by Doug Nelson, Board Atty concerning extraterritorial water service:

"Under the Third Management Plan, GOWUA, as a "small municipal provider" is merely subject to general water conservation guidelines. It is "to minimize waste of all water supplies, maximize efficiency in outdoor watering, encourage reuse of water supplies, and reduce total gallons per capita per day [GPCD] usage." *Third Management Plan*, ¶ 5.7.4. Exceeding the 250 acre-feet threshold would put GOWUA under more stringent conservation measures and it would be considered a "large municipal provider." Calculations are then made to determine how much water is used by each housing unit. For instance, a new single family residence would be assigned interior residential water use of 57 GPCD, under this large municipal provider classification. Failure to meet the targeted water use on a per housing unit average could lead to violations of the Right/Permit issued by ADWR, if a waiver is not obtained. GOWUA does not fit well into the large municipal provider category. It contemplates they are cities, which serve both residential and non-residential water uses and have wastewater treatment facilities with the ability to reuse effluent for turf-related purposes and in which those quantities are deducted from fresh water use calculations. *Third Management Plan*, ¶ 5.7.2.

Strategically, GOWUA should avoid delivering more than 250 acre-feet annually so that it is not required to comply with the large municipal providers' requirements under the AMA's management plans. Otherwise, GOWUA would have to implement stringent water conservation fixture and outdoor water use programs."

Motion: John James moved to adopt resolution 2010-7 stating that the Company not provide service to parcels outside GOWUA's present service area. John Monroe seconded; motion carried.

Rusty discussed the current map of the service territory. The company is required to maintain a current map with its distribution system. Our present map is not completed up to date. In the process of completing their analysis, the committee worked with the map produced by Fann Environmental, which was helpful. However, it seems that the system map prepared originally by Civiltec should be updated. It would be desirable to include the potential parcels with a service area boundary. Rusty has talked to Civiltec about updating the map. Civiltec estimates that it might take one to two days to complete at a cost of from \$500 to \$1,100.

John Monroe moved to authorize Civiltec to update the system map as discussed. John James seconded: Motion carried.

7. New Business

7a. Annual Meeting

The Annual Meeting will be July 31st. It is to be held in Ken Mino's garage, 2560 Mesa Oak Ct. at 9:00am. Jim Peoples will not be able to attend.

Action Item: Jim Peoples will contact Ken Mino as Vice President about conducting the meeting.

Action Item: Bob will prepare an outline agenda for Ken's use at the meeting.

Action Item: Bob will contact Mike Young about attending the meeting (Jim Muylle will be out of town).

7b. Financial Services Contract

Rusty again reported that the MDI contract expires in October, 2010. He stated he felt that the board should take some action beforehand in preparation. Jim noted, and some board members agreed that making a change would be painful, but that the board should review a proposed contract in advance of the contract expiration.

Action Item: Bob will contact Bruce Eldredge and request that a proposal for a new contract be sent to the Board by August 15th.

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 10:00a.m.

Next meeting: September 22nd, 8:00am – Post Oak Site

Minutes recorded by Bob Busch

Submitted By:

Secretary