

Granite Oaks Water Users Association

Board Meeting Minutes

October 25, 2006

Board Members

Gerry Garcia - President
Jeff Deming - Vice President
Jim Peoples – Secretary
Dirk Stringham – Treasurer
Ken Adkins – Director
John James – Director
Ken Mino – Director

Contract Staff

Bob Busch
Allen Kaplan
Meg Kleinman
Mike Young

Guests

Bill Weber – Weber Insurance
Ed Toomey
Duane Gann

1. The meeting was called to order at 8:02 a.m. by President, Gerry Garcia. **PRESENT:** Gerry Garcia, President; Jeff Deming, Vice President;; John James, Director; Ken Adkins, Director; Ken Mino, Director; Bob Busch, Meg Kleinman, Allen Kaplan and Mike Young, Contract Staff; Bill Weber, Ed Toomey and Duane Gann, guests. **ABSENT:** Dirk Stringham, Treasurer; Jim Peoples, Secretary.

2. Motion by Ken Mino to approve the July 26, 2006 Board Meeting minutes, seconded by John James, passed unanimously.

3. INSURANCE PRESENTATION: Bill Weber from Weber Insurance updated the Board on the policy discussed at the July 26 meeting. He presented a revised quote and informed the Board there was no longer a need to purchase “tail” coverage. The company is A-rated and the quote is locked in for 30 days. Buildings, tanks and equipment will be covered. The Board will need to verify the values. Universal coverage is available for all hydrants under the Inland Marine Rider. The company requires a letter from the Board or Fann Environmental stating all pumps are regularly maintained. Software is covered under Property with a list of locations and value. The generator is stationary equipment. The premium will be significantly lower, even with additional liability coverage.

Motion by Ken Adkins to add extra \$2 million liability; seconded by Ken Mino; motion passed unanimously.

Motion by Gerry Garcia to accept the proposal by Weber Insurance for the Rural Special District Policy at the time the current CNA policy expires (December 2006); seconded by John James; motion passed unanimously.

Action Item: Mike Young will provide a letter from Fann Environmental re the maintenance of the pumps.

Action Item: Gerry Garcia will sign the application for the policy.

4. REPORTS

a. Financial Report: The Auditor’s Reports were presented by Allen Kaplan and made part of the October Board Meeting minutes.

Allen reported that 2006 net after the third quarter is higher than all of last year. He expects to be about \$12,000 higher than 2005. Revenue is a little bit down, but operating costs are way down against the budget projections. This is mostly less cost for repairs and maintenance than expected. Also, there have been no legal/professional expenses so far this year.

The Balance Sheet shows cash is up \$43,000 since the end of last year. GOWUA spent about \$25,000 last quarter for materials for the new hydrants. There is still about \$36,000 or so to come for the rest of the materials and labor. The project should be finished by the end of the year.

The Cash Account includes two CD with staggered maturity dates. One matures in May, 2007. The Board should begin to make a plan for the \$47,000 in that CD. The Max Saver account is earning 4.45% interest.

The Cash Flow is consistent with last year, excepting the \$25,000 spent on the hydrants.

b. MDI Report: Bob Busch

- Bob did a Rate Review for the month of September. The ACC looks at the company's operating margin to determine whether a rate increase is appropriate. Bob used the ACC's formula with GOWUA numbers and arrived at an operating margin for GOWUA of 35%. The ACC views 10%-40% as an appropriate range for reviewing a rate case. After discussion with the accountant, it is believed that a rate increase would probably not be granted. Bob believes the current rate structure is adequate.
- A Drought Plan must be prepared for ADWR in the next 12 months. Bob will draft a plan to show the Board at the next meeting.
- Bob has prepared a draft budget for 2007.
- Bob has put together a newsletter which will go out by the end of October.

Action Item: Bob will prepare a draft drought plan for the next meeting.

c. FANN ENVIRONMENTAL REPORT: Mike Young

- Seventy-five meters have been verified to date.
- FE will prepare a 3rd Quarter report and send it to Bob to provide to Board members. In the future, this report will be done monthly, and a quarterly summary provided at the Board meetings.
- The issues with the ADEQ data base has been resolved
- There was a power outage.
- The block heater has been replaced.
- Antifreeze will be put in the block heaters this week.
- Expect to begin installing hydrants the second week of November.
- 166 acre-feet have been pumped year-to-date.

5. OLD BUSINESS

a. Fire hydrants: Mike expects the hydrants to be in by Thanksgiving.

b. Review Action Items - Ongoing Items

No Action Items are outstanding.

c. Landscaping and other improvements – Glenshandra: The cost of zeriscaping is prohibitive. Ed Toomey and Duane Gann have volunteered to help put in a minimal amount of landscaping, with some irrigation, boulders, and some type of fencing, i.e., split rail.

Action Item: Bob will call for the Parcel Number.
Action Item: Gerry will call for blue staking.

6. NEW BUSINESS

Budget Discussion

- Post Oak building repair is badly needed
- Phone line to Post Oak
- Increase APS (lower Glenshandra cost offset by APS rate increase)

Gerry moved to adopt the Budget, as amended; seconded by Jeff; motion passed unanimously.

Jeff moved to adjourn the meeting; seconded by Ken; motion passed unanimously.

The meeting was adjourned at 9:50 a.m. Meeting minutes were recorded and transcribed by Meg Kleinman.



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