

Meeting Minutes

Board of Directors of The American Ranch Domestic Water Improvement District
April 12, 2017, 10:00 a.m. at
The American Ranch – Ranch House, 9500 American Ranch Road, Prescott, Arizona

District Board Meeting Guidelines: The meeting will be held in accordance with A.R.S. Title 38 Open Meeting Laws. Board and attendees participation shall be civil and courteous. Any disruptive behavior could result in removal from the meeting. Comments and questions from the public shall be called upon by the Board Chairman, and shall begin with stating and spelling of the speaker's name and address. All comments and questions shall be directed to the Board Chairperson. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Jennifer Bartos, Improvement District Services, Inc. at (928) 443-9484. Requests should be made as early as possible to allow time to arrange the accommodation. Requests for copies of Board Meeting minutes or other District documents, inquiries, or complaints should be submitted in writing to: Improvement District Services, Inc., 1965 Commerce Center Circle, Suite A, Prescott, AZ 86301.

Call to Order – Bill Yates, Cynthia Baker, Monte Anderson, Brent Mathews and Jason Gisi present.

Also present and participating in the meeting: Jennifer Bartos, District Clerk/Administrator and Diana King, District Administrator, Improvement District Services, Inc.; Bob Hanus, Western Environmental Technologies; Tiffany Taylor, AR HOA; Roy Engehausen, Mark Kaplin and Rich Gilbert, AR residents.

1. Discussion and possible action to elect a Vice-Chairperson.
Motion: made by Director Anderson to nominate Cynthia Baker as Vice-Chair, second by Director Mathews.
Unanimous Approval
2. Discussion and possible action regarding the status of well inspections.
Jennifer Bartos said there were 16 lots with wells that were sent a letter regarding well inspections. She said 10 out of the 16 lots have not responded to the request. She was asked to research which lots are developed and send a second notice to the developed lots for inspection; vacant lots do not need an inspection at this time. Diana King suggested giving the customers a deadline for requesting their well inspection so it can be finalized prior to adopting the rates. Jennifer was directed to include a May 15, 2017, deadline date in the letter. Director Gisi mentioned that his lot with a well is vacant. Vice-Chair Baker said she did not realize the inspections were to start now. Bob Hanus told the Board he will begin the well inspections on April 13, 2017. Mr. Kaplin asked for the name of the District's attorney. Chairman Yates responded that there have been four attorneys advising the District on the well issues. Jennifer Bartos said as District Clerk any legal action or requests should be directed to her. Chairman Yates told Mr. Kaplin that if there was legal issues to contact Jennifer Bartos.
No action taken
3. Discussion and possible action regarding the monthly operations report from Bob Hanus of Western Environmental Technologies regarding the operation and maintenance of the water and sewer facilities and status of projects.
Bob told the Board that he has started the line flushing and exercising the valves. He said there was an inspection on the lab by Health Services. Bob said he would like to have an extra fire flow pump in the amount of \$2,000 and a spare effluent pump for \$2,200. Jennifer was directed to add \$5,500 to the budget for these pumps.
Motion: made by Director Baker to authorize the purchase of the spare pumps for an amount not to exceed \$5,500, second by Director Anderson.
Unanimous Approval
Chairman Yates discussed the problem of spare parts for customer's grinder systems. He said parts are not readily available locally and can take several weeks to obtain. He suggested the District stock some parts for these systems and as used, bill the customer for the District's cost in

parts; labor for installation should be billed directly from the contractor to the customer and not go through the District. Bob was asked to put together a list of spare parts with prices for the Board's consideration.

It was suggested that the District produce a newsletter informing customers of the new bill-pay options and that Western Environmental Technologies can repair and maintain grinder systems.

4. Discussion and possible action to renew the contract for administrative services with Improvement District Services, Inc.
Jennifer Bartos presented the Board with a proposed 5-year contract that would not include an increase in the dollar amount from the FY 2016/2017 price. It was clarified that there is a cancellation clause that can be used by the Board and/or IDS.
Motion: made by Director Mathews to approve the 5-year contract with Improvement District Services, Inc., second by Director Baker.
Unanimous Approval

5. Discussion and possible action to adopt the FY 2017/2018 Tentative Budget, rates and fees, and if appropriate set the hearing date and time.
Jennifer Bartos presented the Board with a proposed budget which would not increase the rates to the customers. The budget was reviewed and the following direction was given: no financial review by the CPA in either fiscal year, add \$9,000 to FY 16/17 for pumping solids, lower lab analysis \$9,000 in both fiscal years, add \$5,500 to operating equipment and supplies for two spare pumps, increase revenue to include 3 new home builds, lower the residential water flat rate to \$25.00 per month and include no water usage in flat rate, place remaining fund in the O&M reserve fund. Director Gisi asked how much the Board may consider holding in the O&M reserve fund. He suggested a study to be done. Jennifer suggested asking Bob Hanus to give his opinion in a report. The Board Members requested a copy of the capital replacement study that was done in the past.
Motion: made by Director Anderson to adopt the tentative budget as amended today, set the hearing date and time as June 15, 2017, at 5:30 p.m. and set a user fee flat rate for properties using well water within the building envelope to \$100.00 per month, second by Director Mathews.
3 yes / 2 no Baker & Gisi

6. Discussion and possible action regarding Ordinance Amendments and if appropriate set the hearing date and time.
No Ordinance amendments were discussed and no action taken.

7. Discussion and possible action regarding administrative issues to include:
 - a) Approval to accept credit card payments from customers for utility bills;
The Board Members agreed that accepting credit card payments from customers is a convenience but that the customer shall be billed all service fees. Jennifer told the Board that there could be an option for auto-draft payments but that can be a problem if a customer has a leak and the bill is unusually high. Auto-draft options may be discussed at a later date.
 - b) Approve meeting minutes of February 9, 2017;
Motion: made by Director Anderson to approve the meeting minutes, second by Director Mathews.
Unanimous Approval
 - c) Approve checks written from January through March 2017.
Motion: made by Director Anderson to approve the checks written from January to March 2017, second by Director Gisi.
Unanimous Approval

Public Comment Period: The public will be given the opportunity to comment to the Board of Directors on non-agenda item issues pertaining to the District. This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Two minutes will be allowed for each speaker.

Roy Engehausen said he would like a receipt for his payments because he doesn't always get one from his bank. He also asked when the next election will be held. Jennifer Bartos responded that the next election will be in 2018.

Rich Gilbert asked for a copy of the new administrative services contract, which he was given. He also asked if the contract has been bid.

American Ranch Domestic Water Improvement District
Fiscal Year 2017-2018 Tentative Budget

Exhibit A

EXPENSE	FY 16/17 Budget	4/1/17 Actual	12 Month Estimate	FY 17/18 Budget
O&M Expense				
Administrative Expense				
ADEQ Registration	\$4,500	\$3,035	\$3,035	\$3,500
Administrative Services				
Activation Fees	245	420	455	455
Additional Admin Services	0	59	59	100
District Admin Contract	42,721	32,016	42,721	42,721
Reimbursed Admin Svcs	200	1,143	1,524	1,650
Annual CCR - Water Quality Report	480	1,104	1,104	1,105
Attorney Services	1,800	650	650	1,800
Elections/County Reimbursement	4,800	0	0	0
Insurance	11,000	11,269	11,269	11,270
Office Supplies	200	199	199	200
On-line Payment Processing	360	81	122	850
Postage	200	752	752	200
Professional Services - CPA	3,500	0	0	0
Publishing - Newspaper	650	0	450	450
Operating Expense				
Alarm System Monitoring	950	563	965	965
Artificial Rocks for Backflow	550	0	550	0
Backflow Testing Program	3,550	2,790	2,790	2,800
Chemicals	2,900	1,743	2,988	3,000
Electricity	23,000	12,526	20,042	21,000
Emergency Services	5,500	325	488	5,500
Exercise Valves	3,550	0	0	3,550
Freeze Protection	450	0	450	450
Generator Repair & Maintenance	3,305	0	3,305	3,305
Hauling & Disposal	9,000	0	9,000	9,000
Lab Analysis	7,150	7,775	9,000	9,000
Lab Equipment	1,200	0	0	1,200
Meter & Backflow Installation	3,900	956	1,434	3,000
Operating Equip & Supplies	19,950	4,151	19,950	32,800
Operator Services				

District Operator Contract	70,907	47,271	70,907	73,034
Operator Overtime	1,400	0	0	1,400
Sewer Line Flushing	2,800	0	2,800	2,800
Telephone	2,975	1,833	2,933	2,940
UV Bulbs - Sewer	750	0	750	500
Water Line Flushing	1,300	0	1,300	1,300
Grinder System Parts	0	0	0	0
Sales Tax	5,829	2,907	6,376	5,000
Contingency	24,157	49	49	24,685
Reserve	<u>15,031</u>	<u>15,036</u>	<u>15,036</u>	<u>18,728</u>
Total O&M Expense	\$280,761	\$148,653	\$233,451	\$290,258

CAPITAL Expense

Capital Reserve Fund	\$104,904	\$0	\$0	\$120,089
Capital Contingency	0	6,300	6,300	0
Total Capital Expense	\$104,904	\$6,300	\$6,300	\$120,089

TOTAL EXPENSE BUDGET	\$329,058	\$154,953	\$239,751	\$410,347
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REVENUE	FY 16/17 Budget	4/1/17 Actual	12 Month Estimate	FY 17/18 Budget
O&M Revenue				
Activation/Transfer Fee	\$1,050	\$2,033	\$2,033	\$1,950
Ad Valorem Tax	0	0	0	0
Collections	200	878	950	1,650
Interest	100	175	233	200
Permit Fees	500	500	500	500
Miscellaneous O&M Income	0	0	0	0
User Fees - Unconnected	78,392	48,424	64,565	62,640
Sewer O&M				
Reuse Income	1,408	1,872	2,496	2,500
User Fees - Commercial - Sewer	36,357	30,798	41,064	41,064
User Fees - Residential - Sewer	34,205	26,198	31,680	32,400
Water O&M				
Sales Tax - Water	5,829	4,782	6,376	5,000
User Fees - Commercial - Water	38,696	28,213	37,617	37,617
Commercial Flat Rate				
Commercial Water Sales				
User Fees - Residential - Water	47,360	40,841	49,009	48,070
Residential Flat Rate				
Residential Water Sales				
Well Use Fee - Private Wells	0	<u>92</u>	<u>92</u>	0
Total O&M Revenue	\$238,269	\$184,806	\$236,616	\$233,591

CAPITAL Revenue

Hook up Fee	\$13,500	\$6,000	\$6,000	\$6,000
Interest	500	319	425	425
Total Capital Revenue	\$14,000	\$6,319	\$6,425	\$6,425

TOTAL REVENUE BUDGET	\$229,893	\$191,125	\$243,042	\$240,016
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Fund Balances

<u>O&M Fund Balance</u>	
Balance as of April 1, 2017	\$89,655
Estimated Expenses 16/17	<u>-84,798</u>
Subtotal	4,857
Anticipated Revenue 16/17	<u>51,810</u>
Estimated Ending Balance 16/17	\$56,667
Est. Beginning Balance 17/18	\$56,667
Estimated Revenue 17/18	<u>233,591</u>
Subtotal	290,258
Estimated Expense 17/18	<u>290,258</u>
Estimated Ending balance 17/18	\$0

<u>Capital Fund Balance</u>	
Balance as of April 1, 2017	\$113,558
Estimated Expenses 16/17	<u>0</u>
Subtotal	113,558
Anticipated Revenue 16/17	<u>106</u>
Estimated Ending Balance 16/17	\$113,664
Est. Beginning Balance 17/18	\$113,664
Estimated Revenue 17/18	<u>6,425</u>
Subtotal	120,089
Estimated Expense 17/18	<u>120,089</u>
Estimated Ending balance 17/18	\$0

<u>Reserve Fund Balance</u>	
Balance as of April 1, 2017	\$15,031
Estimated Expenses 16/17	<u>0</u>
Subtotal	15,031
Anticipated Revenue 16/17	<u>0</u>
Estimated Ending Balance 16/17	\$15,031
Est. Beginning Balance 17/18	\$15,031
Estimated Revenue 17/18	<u>18,728</u>
Subtotal	33,759
Estimated Expense 17/18	<u>0</u>
Estimated Ending balance 17/18	\$33,759