

Meeting Minutes

Board of Directors of The American Ranch Domestic Water Improvement District
May 13, 2015 - 9:00 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 – Larry Schroer, Bill Yates, Monte Anderson and Jason Gisi present. Bill Greenwald absent.

Also present and participating in the meeting: Jennifer Bartos and Diana King of Improvement District Services, Inc.; Bob Hanus, Western Environmental Technologies, Inc.; Mr. & Mrs. Galliano, property owners of Lot 2; Chuck Dickson and Brent Mathews, property owners in American Ranch.

1. 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, to include:
Bob said the alarm system is up and running and the first set of new equipment has been installed. Chairman Schroer told Bob to order the additional alarm equipment and the redundant control panel now.
 - a) Flood Mitigation
Bob presented the Board with a map from Granite Basin Engineering for raising the well head by three feet. The Board requested the engineer attend the next meeting with a construction estimate for the work.
2. Discussion and possible action regarding a private well use on Lot 2.
Chairman Schroer gave a brief history of the private well issues. He said the non-equestrian water usage of this well is in question. Chairman Schroer said the Board must treat all customers equally and therefore cannot make a special rule for this situation. He said the Board is considering removing the \$50.00 per month charge for private wells and requiring all wells to be metered. Mr. Galliano said he didn't know he would be getting two water bills. He said that he knows of two other wells that are or could be used for domestic use. Director Yates asked Mr. Galliano if he was willing or unwilling to allow the District to meter his well for use on watering landscape. Mr. Galliano said no. Director Yates asked Mr. Galliano would be willing to cap his well and water his trees from the District system. Mr. Galliano said no. Chairman Schroer said the reason this is being discussed now is because the Board is considering the rates for next year. Director Anderson said the choices at this point are law suits, arbitration, capping or volunteer meter wells, and reduced fee for the well. Chairman Schroer suggested the well usage rate could be half of the user fee. Chairman Schroer suggested that the Board approve monies for an attorney to research this issue.
This item will be tabled to a following meeting.
3. Discussion and possible action regarding a report by Monte Anderson on water data.
No discussion or action
4. Discussion and possible action to review the comment in the American Ranch Board Meeting Highlights dated March 27, 2015, regarding utility accounts to the HOA.
Chairman Schroer said the minutes of the HOA meeting said that their rates from the District increased by 80%. He created a spreadsheet showing rates covering rates from the previous

two years and the proposed rates. The end result is that there was a 12.8% increase in HOA rates, not 80%.

5. Discussion and possible action to approve the Fiscal Year 2015/2016 Tentative Budget, Rates and Fees, and if appropriate set the hearing date and time as June 10, 2015 at 10:00 a.m.
 Motion: made by Director Yates to adopt the FY 15/16 Tentative Budget, Rates and Fees and set the hearing date and time as June 10, 2015 at 9:00 a.m., second by Director Gisi.
 Unanimous Approval

6. Discussion and possible action regarding administrative issues to include:
 - a) Status of the annexations;
 - b) Approve meeting minutes of March 25, 2015;
 - c) Approve warrants written in March and April 2015.
 Motion: made by Director Yates to approve the minutes, second by Director Gisi
 Unanimous Approval
 Motion: made by Director Yates to approve the warrants written in March and April 2015, 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.

American Ranch Domestic Water Improvement District
Fiscal Year 2015-2016 Tentative Budget

Exhibit A

EXPENSE	<u>FY</u>	<u>5/1/15</u>	<u>12</u>	<u>FY 15/16</u>
O&M Expense	<u>14/15</u>	<u>Actual</u>	<u>Month</u>	<u>Budget</u>
Administrative Expense	<u>Budget</u>	<u>Estimate</u>	<u>Budget</u>	<u>Budget</u>
ADEQ Registration	\$4,200	\$2,859	\$4,200	\$4,200
Administrative Services				
Activation Fees	0	545	580	580
Additional Admin Services	0	177	177	0
District Admin Contract	40,270	30,202	40,269	41,075
Reimbursed Admin Svcs	550	320	427	550
Annual CCR - Water Quality Report	480	0	480	480
Attorney Services	300	745	745	600
Elections/County Reimbursement	3,801	863	863	0
Insurance 1/\$10mil	9,216	8,207	8,207	11,000
Office Supplies	300	222	222	225
On-line Payment Processing	0	247	329	295
Postage	100	77	77	100
Professional Services - CPA	2,300	1,786	1,786	0
Publishing - Newspaper	750	731	1,000	300
Operating Expense				
Alarm System Monitoring	0	0	567	567
Artificial Rocks for Backflow	550	0	550	550
Backflow Testing Program	3,550	1,092	3,550	3,550
Cathode Protection-Wastewater	4,000	3,400	3,400	0
Cathode Protection-Water Tank	1,150	0	1,150	0
Chemicals	3,800	4,671	4,671	4,500
Electricity	27,971	17,343	24,484	27,600

Emergency Services	13,034	2,293	5,500	5,500
Exercise Valves	3,528	0	3,528	3,528
Freeze Protection	400	429	450	450
Generator Repair & Maintenance	3,070	2,746	3,070	3,070
Hauling & Disposal	5,400	0	7,200	7,200
Lab Analysis	9,000	6,399	9,000	9,000
Lab Equipment	1,200	512	2,495	1,200
Meter & Backflow Installation	3,000	309	3,000	3,000
Operating Equip & Supplies	9,406	6,162	9,406	9,406
Operator Services				
District Operator Contract	68,843	49,862	68,843	70,908
Operator Overtime	1,000	0	0	1,000
Sewer Line Flushing	2,676	0	2,676	2,676
Telephone	2,250	2,147	3,031	2,640
UV Bulbs - Sewer	1,500	0	750	750
Valve Repair	350	0	0	0
Water Line Flushing	1,296	0	1,296	1,296
Water Tank Inspection & clean	1,900	0	1,900	0
Well Discharge System	0	0	0	3,663
Sales Tax	5,668	3,142	5,000	5,668
Transfer to Capital	0	0	0	0
Contingency	5,108	580	4,278	6,139
Engineering Study	6,000	0	0	0
Flood Mitigation	27,000	0	0	0
Total O&M Expense	\$274,916	\$148,068	\$229,158	\$233,266

	FY 14/15 Budget	5/1/15 Actual	12 Month Estimate	FY 15/16 Budget
CAPITAL Expense				
Capital Emergency Fund	\$101,563	\$0	\$0	\$50,836
Alarm Upgrade & Expansion	0	1,073	1,073	7,390
Flood Mitigation	0	1,518	4,818	27,000
Redundant Control Panel	0	0	0	10,566
Transfer to O&M	0	0	0	0
Capital Contingency	0	0	0	0
Total Capital Expense	\$101,563	\$2,591	\$5,891	\$95,792

TOTAL EXPENSE BUDGET	\$376,479	\$150,659	\$235,049	\$329,058
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	FY 14/15 Budget	5/1/15 Actual	12 Month Estimate	FY 15/16 Budget
REVENUE				
O&M Revenue				
Activation/Transfer Fee	\$500	\$3,363	\$3,484	\$1,000
Ad Valorem Tax	0	0	0	0
Collections	0	290	290	0
Interest	40	75	88	80
Permit Fees	1,500	500	500	500
User Fees - Unconnected	68,640	52,282	66,904	66,904
Transfer from Capital	0	0	0	0
Sewer O&M				
Reuse Income	1,080	0	0	0
User Fees - Commercial - Sewer	29,084	43,135	48,325	41,064
User Fees - Residential - Sewer	27,822	23,045	27,840	27,840

Water O&M

Sales Tax - Water	5,668	3,521	4,794	5,668
User Fees - Commercial - Water	43,613	26,487	36,677	38,634
User Fees - Residential - Water	38,664	31,558	40,040	42,003
Well Use Fee - Private Wells	600	850	1,050	0
HOA Flood Mitigation	<u>42,350</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total O&M Revenue	\$259,561	\$185,106	\$229,992	\$223,693

	FY 14/15 Budget	5/1/15 Actual	12 Month Estimate	FY 15/16 Budget
CAPITAL Revenue				
Hookup Fee	\$18,000	\$7,500	\$7,500	\$6,000
Interest	250	266	350	200
Transfer from O&M	0	0	0	0
Total Capital Revenue	\$18,250	\$7,766	\$7,850	\$6,200

TOTAL REVENUE BUDGET	\$277,811	\$192,872	\$237,842	\$229,893
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Fund Balances**O&M Fund Balance**

Balance as of May 1, 2015	\$45,777
Estimated Expenses 14/15	<u>-81,090</u>
Subtotal	-35,313
Anticipated Revenue 14/15	<u>44,886</u>
Estimated Ending Balance 14/15	9,573
Est. Beginning Balance 15/16	9,573
Estimated Revenue 15/16	<u>223,693</u>
Subtotal	233,266
Estimated Expense 15/16	<u>233,266</u>
Estimated Ending balance 15/16	0

Capital Fund Balance

Balance as of May 1, 2015	\$92,808
Estimated Expenses 14/15	<u>-3,300</u>
Subtotal	89,508
Anticipated Revenue 14/15	<u>84</u>
Estimated Ending Balance 14/15	89,592
Est. Beginning Balance 15/16	89,592
Estimated Revenue 15/16	<u>6,200</u>
Subtotal	95,792
Estimated Expense 15/16	<u>95,792</u>
Estimated Ending balance 15/16	0