

Notice of Hearing & Special Meeting Agenda

**Board of Directors of The American Ranch Domestic Water Improvement District
June 15, 2017, 5:30 p.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: Monte Anderson, Bill Yates, Jason Gisi, Brent Matthews, and Cynthia Baker present. Also present and participating are Jennifer Bartos, District Clerk, and Dakota King, Improvement District Services. Members of the community present: Wayne Bradley, Roy Engerhausen, Dale Heath, Elizabeth Mahon, Jerry Taylor, Wayne Breazell, Nancy Gillete, Brad Fain, Chuck Dickson, Scott Webster, Mike Cunnah, & Karen Knode.

Hearings:

Open Public Hearing on the Fiscal Year 2017/2018 Budget

Wayne Bradley – asked if a copy of the budget was available.

Roy Engerhausen – asked about line 43, the total expense budget, and why it has increased by approximately \$80,000. Jennifer Bartos stated that this line item is derived by comparing the two years in total expense.

Dale Heath – asked about line 57 and why this item was \$0.00.

Elizabeth Mahon – asked about the capital improvement line item.

Jerry Taylor – asked about the well use fee and why it is only \$92.

Elizabeth Mahon – asked about the number of homes that are required to make the capital improvement necessary. Bob Hanus stated that this is a difficult number to come up with, as the economy continues to change and the status of the facility continues to change. In addition, the UV system would need to be enlarged should more homes be built. He stated that when American Ranch reaches double the current capacity, capital improvements may be needed. Director Yates stated that there is not much effluent going to the pond, and it is necessary to grow the reserve fund in case of emergency.

Wayne Breazell – stated that line item 43 is not the addition of the FY 16/17 expense, to which Jennifer stated the total should be approximately \$385,000. She also stated that this is not a major error as this is the total for the previous fiscal year.

Dale Heath - Stated that his concern is having Director Gisi on both the HOA board as well as the American Ranch DWID board. Jennifer stated that the board does not have the authority to put stipulations on who can be elected, only that they must be a qualified elector of the district. He also asked about appointment versus a community vote, to which Jennifer responded that if there are enough board members for the position, there will be a community vote.

Nancy Gillete – Stated that, while all board members are qualified, she is concerned as a community member that there was no notification about the call of election. Jennifer stated that it was sent out to all community members and sent out via email.

Brad Fain – stated that with plenty of email, the district should have a notification on the bills of the call of election. He also stated that with an officer running for a position, they would have to run even if unopposed. Jennifer Bartos stated that this is a rule by the Board of Supervisors, not decided by the District. She also stated that the county elections department put together the list of qualified electors to send out the call of elections. Director Yates stated that he needed to form an election

committee during a previous election. Director Anderson stated that he would like to see the participation in future public meetings.

Dale Heath – Stated that the meeting minutes should be published within 3 days. Jennifer stated that the draft minutes are available to citizens upon request, and the approved minutes will be available online after approval by the board.

Chairman Yates closed public hearing on budget and opened public hearing on rates and fees.

Roy Engerhausen – stated that with the new rate, there will be an increase of 25% to his bill. He further stated that if a citizen uses approximately 9,000 gallons or less, the bill will go up, and with more than 10,000 gallons, the rate will be increased, and further stated that it doesn't make sense to him why people using less water will pay more. Director Yates stated that this is relative only to the previous year.

Chuck Dickson - asked where the rates and fees are located, to which the board stated that the citizens do not have this form. Director Yates stated that the User Residential Flat Fee is increasing from \$27.50 to \$55.00, with a new 15,000 gallon for free. He stated that the average user in American Ranch uses approximately 10,000 gallons, and that the rate will not increase for the average user. He also stated that the step increase has been less broadened. He stated that the reason behind this decision is that the vast majority of the budget is an overhead expense. He stated that the goal this year is to better represent both sides to balance the expense. He stated that variable costs went to cover fixed expenses. He stated that some folks were not paying for their costs of the facility by using well water on the building envelope. He stated that there are some who were not paying their overhead, and that every home should contribute to this cost. Director Yates stated that there should be no citizens of American Ranch not paying for this cost. Chuck Dickson stated that he agrees with this solution because he believes it is fair.

Roy Engerhausen - stated that this increase would result in \$100 minimum. Jennifer stated that the amount that is covered by the \$55 will not be subject to sales tax. Director Yates stated that the board has been through many different solutions including an ad valorem tax and a base rate with no usage. He stated that this was also the best solution to avoid legal action and to save the District of legal fees. Director Anderson stated that the new rates of American Ranch are significantly lower than various surrounding locations. Director Yates stated that the proposed costs are still lower than Prescott rates for the average user. He further stated that the DWID would like to meter the amount of water for research purposes and to prevent water leaks.

Scott Webster – stated that he is present because he has heard of the controversy with the HOA board and would like to know why the well users are able to skirt the rules. Director Yates stated that the HOA has given variances to some users. Scott asked if the board believes this rate change to be a solution to the variances given by the HOA, and Director Yates confirmed this. He stated that the current HOA board is not as strict on the CCR's as they once were. Director Baker stated that she believes this is how the rates should have been structured from the beginning and is glad to be able to fix it. Director Matthews stated that the DWID does not have the authority to enforce the CCRs and cannot grant variances.

Chuck Dickson – Stated that he believes what Mr. Webster was stating is that there should be a fairness that transcends the monetary fairness. Director Yates stated the CCCRs are to be enforced by the HOA Board, and the memorandum of understanding between the HOA and the DWID should allow for a solution. Director Anderson stated that he believes to prevent this controversy in the future is to have open communication between the DWID and HOA. He further stated that the DWID will review the memorandum in July.

Roy Engerhausen - asked how the DWID defines commercial. Director Yates stated that commercial is defined as the eight common areas.

Mike Cunnah – asked if the \$40.00 unconnected fee will increase. Director Yates stated that the unconnected user fee will not increase.

Karen Knodt – asked if the connection fees would be changing, to which Jennifer responded that it would not.

Close Public Hearing on the Fiscal Year 2017/2018 Rates and Fees

Convene into Special Meeting:

1. Action on the Fiscal Year 2017/2018 Final Budget and possible adoption of Resolution No. 2017-1.
Motion: by Director Anderson to adopt Resolution No. 2017-1, second by Director Baker. Unanimous Approval.

2. Action on the Fiscal Year 2017/2018 Rates and Fees and possible adoption of Resolution No. 2017-2.

Motion by Director Baker to adopt Resolution No. 2017-2, second by Director Matthews. Unanimous Approval.

3. Discussion and possible action to approve meeting minutes of April 12 and June 6, 2017

Motion by Director Baker to approve meeting minutes for April 12 and June 6, 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.