

Meeting Minutes

Finance Committee (FC) of the Big Park Domestic Wastewater Improvement District (BPDWWID)

March 7, 2018 - 9:00 a.m.

Ranger Station Administrative Office, 8375 AZ-179, Sedona, AZ 86351

Finance Committee (FC) 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 Committee Chairperson, and shall begin with stating and spelling of the speaker's name and address. All comments and questions shall be directed to the Committee Chairperson. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Jennifer Bartos, Clerk of the Board of Directors, for the Big Park Domestic Wastewater Improvement District, Improvement District Services (IDS), Inc. at (928) 443-9484. Requests should be made as early as possible to allow time to arrange the accommodation. Requests for copies of Committee 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. Pursuant to A.R.S. 38-431.03, the Finance Committee may vote to recess the meeting and move into Executive Session on any item, which will be held immediately after the vote and will not be open to the public. Upon completion of Executive Session, the Finance Committee may resume the meeting, open to the public, to address the remaining items on the agenda.

Call to Order at 9:00 a.m. – FC Committee members David LaFrance and David Sheets present. Gary Livermont absent.

Also present and participating in the meeting: Diana King (IDS), Dakota King (IDS), Brad Bowers (EBS), David Dirren (Sunrise Engineering).

STATUS OF SUNDANCE TOWNHOME EXPANSION: The Sundance board has indicated that they will no longer pursue bringing sewer lines into the Sundance area because of cost and are pursuing other alternatives. The FC discussed how and whether to further pursue discussions with Sundance HOA. It was decided that an item will be placed on the next Board of Directors (BOD) to recommend not sending a letter to Sundance homeowners but rather recommend to the BPDWWID BOD that a project be approved to install a sewer line with District funds that will provide future expansion opportunities to both Sundance and adjacent areas. The cost of this project was estimated by Sunrise Engineering at approximately \$316,000 with a contingency of an additional \$63,000. This new line would provide approximately 20-25 Sundance homeowners the opportunity to connect to sewer with a potential return of \$125,000 in Capital Fees to BPDWWID.

OTHER AREAS OF POSSIBLE SEWER SYSTEM EXPANSION : A discussion was held regarding the practicality of continuing to pursue sewer expansion into areas such as the Indian Ruin Road area asking residents in these areas to pay for the expansion, the cost of which is estimated between \$19-\$25,000 per homeowner. It was decided that it would not be the best use of BOD or District resources (EBS, IDS, SEI, etc.) to pursue expansion in this manner given the obstacles that present themselves for this type of expansion (WIFA loan, upfront design fees, legal fees, easements, homeowner resistance, uncertain return on investment). It was agreed that the best chance for expanding the sewer system would be through an Ad Valorem tax. Monies raised via a tax to District homeowners would then be used to install sewer lines in areas where there is the best opportunity for homeowners to hook up. David LaFrance prepared a summary report showing different scenarios of the cost to homeowners based on assessed values of homes and the amount the taxes would raise. The FC chairman will present this issue for discussion at the next BOD meeting.

CHAPPAREL PROJECT: Dave Dirren (SEI) indicated that he was contacted by an individual that is interested in building a multi-family residence in the Chapparel Road area, and he agreed to pay all of main line construction costs to extend from the Whitman property on Chaparral to his building site on Sugarloaf. The Board has had several discussions in the past regarding another potential customer (Barb Whitman). This project has been on hold because of the cost Ms. Whitman was asked to bare to install a sewer line to her property and the need to obtain an easement from VOCA where the sewer line would cross their property. There is a good possibility that running this line would increase the number of customers by sixteen (16). The FC will recommend to the BOD that SEI begin the process of getting the necessary easements to install this line and that the District pay for the entire cost of installation (estimated at \$80,000) rather than having customers share in the cost. Once this line is installed it opens up another large area for expansion so it was felt this was a good investment for the District to potentially expand its customer base.

VOCA REUSE AGREEMENT AND DELIVERY COSTS: At the last FC meeting, Sunrise Engineering presented an 'Engineer's Opinion of Probable Cost of O&M for Reuse Pumps', which was reviewed by the Committee, reaffirming that BPDWWID continues to lose money on reuse water delivered to the golf course. It was agreed that David Sheets would draft a letter to be sent to the VOCA president/HOA basically indicating that BPDWWID will not be renewing the contract at current rates due to the fact the District does not believe it is in our best financial interest to continue such a business relationship. The letter will be reviewed by interested parties on the Board and IDS, SEI, EBS before sending.

2018-19 BUDGET DISCUSSION: The FC had a preliminary discussion on the 2018-19 budget. Diana King provided a handout of the preliminary Revenues and Expenses based on 2017-18 estimates. David LaFrance indicated this year the FC will want to make certain that, whenever possible, budget line items are as accurate as possible meaning that budget items should not include a buffer or contingency amount. There was also a discussion regarding line item #17 (Transfer to R&R Reserve Fund) on the handout for \$74,000. This is not an expense. It is money that is set aside as a reserve for re-payment of the WIFA loan which is shown as line item #19 on the handout. It is a requirement of WIFA that IDS show on financial reports that they have funded these dollars for repayment of the loan. For now it was agreed to leave line item #17 on the report until it can be determined if there is a better way to reflect this funding rather than overstating expenses by \$74,000.

The meeting was adjourned at 11:45am.