

Meeting Minutes

**Board of Directors of the Big Park Domestic Wastewater Improvement District
April 18, 2018 - 10:00 a.m.
Sedona Fire Station #3, 125 Slide Rock, Sedona, 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 Chairperson, 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, Clerk of the Board of Directors, for the Big Park Domestic Wastewater Improvement District, 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., 3603 Crossings Drive Prescott, AZ 86305. Pursuant to A.R.S. §38-431.03, the Board of Directors 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 Board of Directors may resume the meeting, open to the public, to address the remaining items on the agenda.

Call to Order - Pledge of Allegiance. David Sheets, David LaFrance, Ruth Kane, Gary Livermont, Lee Meiner, and Joanne Johnson present. Also present and participating: Jennifer Bartos, District Clerk; Diana King and Dakota King, Improvement District Services; Brad Bowers, Environmental Biomass Services; Phillip Shuper, Crescent Properties.

1. Discussion and possible action regarding the Administrative Services Staff Report from Improvement District Services, Inc. regarding staff activities, District financials, budgets, collections, direction to the Clerk for future agenda items and other administrative issues.

Director Johnson asked about the ownership change report, to which Jennifer responded that Director Chatterjee had requested the breakdown. Director Chatterjee asked what had changed that would justify the rate increase. Jennifer explained that she had not realized the scope of work that involved transferring an account, and Diana stated that Improvement District Services has been losing money with the amount of time that the transfer takes.

Chairman Sheets asked about the Google walkthrough, to which Dakota responded that he had contacted them with no response.

2. Consent Agenda:
 - a) Approve the meeting minutes of March 21, 2018;

Motion: made by Vice-Chairman LaFrance to approve the second set of meeting minutes provided by Chairman Sheets, second by Director Meiner. Unanimous Approval.

- b) Approve checks written in March 2018;

Chairman Sheets asked about the MChem and Schaner's checks in the check detail, as well as the Mission Communications' check, to which Brad responded that each of these checks are budgeted for. He also asked about the ProPipe bill, to which Diana stated that it was for the Sunrise GIS. Brad stated that it could be allocated to the Private Line Acquisition.

Motion: made by Director Livermont to approve checks written in March 2018, second by Vice-Chairman LaFrance. Unanimous Approval.

3. Presentation of the Operator's Report from Brad Bowers of Environmental Biomass Services, regarding the operation and maintenance of the wastewater facility and sewer system to include flow information, water quality, reuse and activities; updates on the Perpetual System Maintenance Projects.

Chairman Sheets stated that they would discuss the reuse during item 11. Brad reviewed the importance of the sand filter compressor, and explained why the effluent backed up into the clarifier. Brad stated that he will make a change in the plant that will ensure that, if an emergency like this happens again, the effluent will not be sent to the river.

4. Presentation of Finance Committee report regarding the Finance Committee meeting of April 4, 2018.

Vice-Chairman LaFrance stated that the Finance Committee was almost entirely focused on reviewing the FY 2018/2019 draft budget. In addition, he stated that the Finance Committee discussed the cost-effectiveness of the sewer line expansion project and Loren Cunningham's involvement. Finally, they discussed the idea of an Ad Valorem tax for the sewer line expansion, rather than a User Fee increase. Vice-Chairman LaFrance stated that once the Committee has a solid amount to work with, it will be easier to vote on. Jennifer stated that if the Board wishes to tax during FY 18/19, they would need to vote on it before the hearing. Chairman Sheets stated that the Board is not prepared to estimate the amount of tax needed, so the tax will need to wait for FY 19/20. Vice-Chairman LaFrance stated that he has assembled a worksheet that represents the year end totals of the previous few fiscal years.

5. Discussion and possible action regarding district contribution to the expansion of the sewer lines.

No action taken.

6. Discussion and possible action regarding sewer mainline expansion, to include:

- a) A district commitment for building of the Chapparral sewer line in exchange for easement from Whittman.
- b) Approval to construct a sewer line along the edge of the golf course and through parcel 405-27-405 to Chaparral.
- c) Consideration to create a joint construction project with the customer-built line on Sugar Loaf.
- d) Construction of a sewer main around the outer edge of Sundance Townhomes to Oakcreek Drive.

Jennifer stated that Dave Dirren had sent out to the developer the estimated numbers for the Chapparral sewer line. Chairman Sheets expressed his concern that the owner on Chapparral would not pay back the district. Jennifer stated that she would require the homeowner to provide their paid Capacity Fees and Permit Fees, as well as a 10% + Completion bond.

Vice-Chairman LaFrance expressed his concern that the estimate from Sunrise has increased substantially since the Board approved the original amount \$112,000. Director Chatterjee recommended having Dave Dirren present before an approval is made by the Board.

Motion: made by Chairman Sheets to approve the new bid of \$136,773.60, second by Director Johnson. Unanimous Approval. Director LaFrance stated that his approval is contingent that an explanation of the amount increase is given by Dave Dirren.

7. Discussion and possible action to adopt the Fiscal Year 18/19 tentative budget, rates and fees, and if applicable, set the hearing date and time.

Dakota discussed the changes necessary to lines 201, 202, and 205. Director Johnson asked about line 311.

Motion: made by Director Kane to adopt the Fiscal Year 18/19 tentative budget, rates and fees, and set the hearing date and time as May 16, 2018 at 10:00 AM, second by Director Johnson. Unanimous Approval.

8. Discussion and possible action to enter into an agreement with Loren Cunningham C.P.A., PLLC for financial audit for FY ending June 30, 2018 for the amount of \$16,000 plus out-of-pocket costs.

Motion: made by Vice-Chairman LaFrance to approve the agreement for financial audit for FY ending June 20, 2018 from Loren Cunningham C.P.A., PLLC, second by Director Meiner. Unanimous Approval.

9. Discussion and possible action to enter into an agreement with Loren Cunningham C.P.A., PLLC to prepare monthly financial statements for an amount not to exceed \$1,200.00 plus out-of-pocket costs.

Chairman Sheets stated that the agreement to prepare monthly financial statements is to keep in compliance with WIFA standards. Vice-Chairman LaFrance has stated that the DWID has financially become quite large, and performing the monthly financial statements would protect the District and provide information for the bond holders and WIFA. Director Johnson asked if any WIFA requirements have changed. Jennifer explained that the financial statements are recommended by the auditor because of the amount of the loan, but believes that this may be something that IDS will eventually be able to copy later on. Diana explained that the District has never used depreciation and the Federal Government may require it. Diana also recommended, should the Board wishes, to have the reports created quarterly. Chairman Sheets stated that he believes the auditor would be fine if Improvement District Services were to eventually produce the reports, and stated that the auditor is looking to solve the "material weaknesses" that the DWID is reporting to WIFA. Director Meiner asked if the auditor will be on the DWID Quikbooks, to which Diana stated that she sends a reporting file to the auditor when he needs it. Director LaFrance stated that the accrual system of finances would allow WIFA and bondholders see the WIFA payment taken out, rather than the current cash system. Director Kane asked if Improvement District Services will have to change a large amount of accounting, to which Diana stated that IDS is willing to learn and hopefully be able to reproduce the reports by next year. Vice-Chairman LaFrance stated that the auditor will be present at the Finance Committee meeting on May 5th.

Motion: made by Director Meiner to approve the monthly financial statements from Loren Cunningham C.P.A., PLLC, second by Director Chatterjee. Unanimous Approval.

10. Discussion and possible action regarding the VOCA reuse agreement.

Chairman Sheets reviewed that Jennifer had received an e-mail from VOCA that they needed water and were not aware of the malfunction on the reuse pump. He further stated that Brad has ordered the pumps, and the expected

delivery date is May 25th, and Brad hopes to have the pumps ready on June 1st. Chairman Sheets stated that the Finance Committee will be reviewing the VOCA reuse agreement with necessary changes.

11. Discussion and possible action regarding the Engineer's Report by Dave Dirren, Sunrise Engineering, to include facility maintenance, connection requests, GIS updates and grease trap installs/inspections.

Jennifer stated that she would add the Engineering Fee for the calls from 5 Rimrock Ride (405-41-057), and the 445 Concho Drive to the owner as well.

12. Discussion and possible action to approve invoices from Sunrise Engineering for District Engineering & GIS Project Services - \$2,893.00

Motion: made by Director Meiner to approve the invoices from Sunrise Engineering in the amount of \$2,893.00, second by Director Kane. 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.

Phillip Shuper spoke about the billing on his properties that had changed recently. Diana and Jennifer stated that the property was changed to one bill so to fulfill the previously created standard of combining commercial accounts into one owner of the property. She stated that the property may have been missed in the audit done years ago. Phil stated that if he has a print-out that represents which commercial organization applies to which charge on the bill, which would be sufficient for him. Jennifer stated that she would send him that print-out.

Meeting Adjourned at 11:32 A.M.

Big Park Domestic Wastewater Improvement District

Fiscal Year 2018/2019 Tentative Budget

Adopted 4/18/18

Exhibit A

EXPENSE		FY 17/18	Actual as of	12-month	FY 18/19
Operations and Maintenance		Budget	3/31/2018	Estimate	Budget
Administration:					
101	Administrative Svcs Contract	\$343,323	\$262,671	\$350,584	\$350,584
102	Activation Fees	4,000	4,700	5,274	4,000
103	Additional Admin Services	0	0	0	0
104	Collections	4,000	6,415	7,926	6,000
105	Attorney Services	5,000	105	194	5,000
106	Bank Charges	250	905	1,100	1,100
107	Director's Compensation	6,825	3,825	5,400	6,825
108	Elections	15,000	0	0	0
109	Auditing Services	24,000	9,000	18,000	18,000
	Additional Acct. Services	0	0	0	16,000
110	Insurance Premium	25,000	24,791	24,791	25,000
111	Meeting Room Rental	585	360	540	585
112	Online Payment Fees	225	0	0	0
113	Postage	2,205	0	0	2,205
114	Publishing	850	0	850	850
115	Registrations				
	ADEQ	3,800	1,001	3,000	3,000
	Blue Stake	401	414	450	450
	VOCA	181	0	184	181
116	Transfer to R&R WIFA Reserve Fund	74,000	0	0	74,000
117	WIFA Loan Payment	365,792	65,685	365,792	369,228
118	Storage Facility	0	1,200	1,603	1,603
119	<i>Administration Subtotal</i>	875,437	381,072	785,688	884,611
Engineering:					
201	General Engineering Services	20,000	7,688	13,180	
	General Services	0	0	0	6,000
	Meeting w/ Board	0	0	0	12,000
	New Customer Coordination	0	0	0	4,000
	ProPipe Coordination	0	0	0	1,500
	WWTP Site Coordination	0	0	0	1,500
202	Additional Engineering Services	25,000	3,135	3,500	
	New Tap Review/Inspections	0	0	0	2,500
	Grease Traps Review/Inspections	5,000	1,313	1,500	2,500
	Private Line Acquisition	5,000	0	0	5,000
	Survey Services	0	0	0	5,000
	GIS Phase 3	25,000	14,016	14,016	0
	SR179 to Fairway Oaks	5,000	0	0	0
203	GIS Updates & License	21,000	2,246	12,246	11,900
204	Permit Renewal/Modification	2,000	0	0	0
205	<i>Engineering Subtotal</i>	108,000	28,399	44,442	51,900
Operations:					
301	Operations Services Contract	307,800	230,850	307,800	307,800
302	Operator Additional Services	0	0	0	3,000
303	Emergency Dialer System	3,000	2,951	2,951	3,000
304	Emergency Maintenance	35,000	11,852	15,803	35,000
305	Hauling & Disposal	80,000	62,728	76,555	80,000
306	Laboratory				
	Laboratory Analysis	20,000	12,769	15,315	18,105
	Laboratory Certification	2,500	0	2,500	0

	Laboratory Supplies	15,000	7,259	8,500	11,000
307	Lift Station #10 Wall Repair	17,070	20,576	20,576	0
308	Landscape Maintenance	25,000	12,698	12,698	7,500
309	Operating Equipment & Supplies	75,000	15,985	22,000	25,000
310	Sewer Line Projects (Private Lines)	15,000	0	0	0
311	System Maint - see project list				
	Dust, Flush & Video Lines	60,000	86,912	120,000	60,000
	Lift Station #10 Upgrade	0	225	225	0
	Dialer Upgrades	8,600	0	8,600	0
	Generator Maintenance	5,500	1,456	5,500	5,500
	Bio Cube Media	19,800	0	0	19,800
	Headworks Maintenance	10,000	112,700	112,700	5,000
	PSM Needs	17,500	0	0	0
	Oil Spray Hutson Lane	2,500	0	0	0
	UV Components	27,500	14,526	20,000	27,500
	Compressor Service	4,215	0	2,500	4,336
	UV Compressor	0	0	0	8,000
	SCADA System	80,000	0	0	0
	Belt Press Components	20,000	4,921	6,000	15,000
	Reuse Pump Upgrade	0	0	0	28,259
	Bio Barge	0	0	0	16,395
	Biolac Difusers R&R and Clean	0	0	0	8,250
	Clean and Swap FEQ tanks	0	0	0	12,500
312	Training - GIS Program	500	0	0	0
313	Electric				
	Treatment Plant	89,117	58,976	90,222	90,500
	LS #8	13,852	6,039	8,939	9,000
	LS #10	3,489	1,902	2,848	3000
314	Treatment Plant Erosion/Settling	14,000	0	0	14,000
315	Treatment Plant Riprap	10,000	20,499	20,499	0
316	Telephone	2,800	1,038	1,916	1,950
317	Water	2,000	1,032	1,905	1,925
318	Internet	600	409	755	775
319	Contingency	153,099	9,938	13,251	175,861
	RFP Operations	6,000	0	0	0
320	<i>Operator Subtotal</i>	<u>1,146,442</u>	<u>698,240</u>	<u>900,559</u>	<u>997,956</u>
321	<i>subtotal</i>	<u>2,129,879</u>	<u>1,107,710</u>	<u>1,730,688</u>	<u>1,934,467</u>
322	District O&M Reserve Fund	719,611	0	0	1,409,168
323	Reimbursable Eng. Svc.	25,000	0	0	25,000
324	Reimbursable Annexation Fees	2,000	0	0	2,000
325	Total O&M Expenses	\$2,876,490	\$1,107,710	\$1,730,688	\$3,370,635

		FY 17/18	Actual as of	12-month	FY 18/19
	Capital Expense	Budget	3/31/18	Estimate	Budget
401	Emergency Cap. Fund	\$454,487	\$0	\$0	\$582,177
402	Chaparral Line				
	Chaparral Line Engin.	0	0	0	30,000
	Chaparral Line Const.	0	0	0	180,000
	Reimb. Chaparral Line Engin.	0	0	10,000	15,000
	Reimb. Chaparral Line Const.	0	0	0	90,000
403	Juniper Street Sewer Line	11,000	0	0	0
404	Mainline Expansion	0	0	0	400,000

405	Contingency	0	0	0	92,500
406	Total Capital Expense	\$465,487	\$0	\$10,000	\$1,389,677

407	Total Expense Budget	\$3,341,977	\$1,107,710	\$1,740,688	\$4,760,312
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REVENUE		FY 17/18	Actual as of	12-month	FY 18/19
Operations and Maintenance		Budget	3/31/2018	Estimate	Budget
501	User Fees	\$1,571,771	\$1,208,728	\$1,654,663	\$1,590,958
502	Activation/Transfer Fee	4,000	4,635	5,274	4,000
503	Ad Valorem Tax	0	0	0	0
504	Collection Fees	3,000	5,243	7,926	6,000
505	Permit Fees	1,625	5,150	6,125	2,000
506	Interest	2,000	10,265	13,567	12,000
507	Miscellaneous O&M Income	0	450	450	0
508	Reuse Effluent Income - VOCA	37,000	18,774	18,774	0
509	<i>Subtotal O&M Revenue</i>	<i>1,619,396</i>	<i>1,253,245</i>	<i>1,706,779</i>	<i>1,614,958</i>
510	Transfer From R&R WIFA Fund	0	0	74,000	74,000
511	Reimb. Engineering Fees	25,000	0	0	25,000
512	Reimb. Annexation Fees	2,000	0	0	2,000
513	Total O&M Revenue	\$1,646,396	\$1,253,245	\$1,780,779	\$1,715,958

Capital Revenue

601	Capacity Fees	\$11,600	\$788,568	\$834,968	\$12,000
602	Chaparral Line				
	Reimb. Chaparral Line Engineering	\$0	\$0	\$10,000	\$10,000
	Reimb. Chaparral Line Construction	\$0	\$0	\$0	\$75,000
603	Interest	1,500	3,299	3,567	1,500
604	Miscellaneous	0	0	0	0
605	Total Capital Revenue	\$13,100	\$791,867	\$848,535	\$98,500

606	Total Revenue	\$1,659,496	\$2,045,112	\$2,629,314	\$1,814,458
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WIFA Loan Reserve Transfer

701	Loan Payment Reserve	\$0	\$0	\$0	\$0
702	Interest	1,000	0	0	1,000
703	Total Loan Reserve Fund	\$1,000	\$0	\$0	\$1,000

WIFA O&M R&R Reserve

704	O&M Transfer	\$74,000	\$0	\$0	\$74,000
705	Total Loan Reserve Fund	\$74,000	\$0	\$0	\$74,000

District O&M Reserve

706	O&M Transfer	\$719,611	\$0	\$0	\$0
707	Total Loan Reserve Fund	\$719,611	\$0	\$0	\$0