

Agenda Item #7 Operations Report (con't)

gallons more than was pumped. It was noted the numbers will never be exactly the same with one of the reasons being meters are read typically over a three day period. It was noted the leak on Palo Verde would also have played a role in the larger amount pumped.

Ending his report, R Hrabina asked if there were any questions from the Board. Chair Evans inquired of the homes on Roadrunner with R Hrabina indicating the elevation of the homes are about 30-feet higher than the meter at the road. R Hrabina indicated the pressure test at 27-pounds was the lowest Management has ever seen and that's when the boosters are running. Chair Evans also inquired on the status of the line crossing the wash (approved to abandon) with R Hrabina indicating he planned to discuss that with Capital Improvement (Agenda Item #12) with the Chair indicating that would be fine.

Chair Evans indicated the FYI-Book was in the back for Public inspection and indicated it included: Copy of 03/16 Meeting Summary; Copy of John O'Daniel's letter of resignation; Copy of Yavapai County Elections Dept letter; and a copy of proposed budget.

It was indicated a motion was needed to accept the Operations Report and R Marley so moved. M Brown seconded the motion and upon vote the motion carried without opposition.

Agenda Item #8 Resignation of John O'Daniel from the Board; Additional signer(s) for bank accounts

Chair Evans opened the discussion indicating John had written the letter on April 6th with the Chair reading from the letter, "*Due to current and future health reasons, I am submitting my resignation from the BCCWID Board, effective immediately. It has been a pleasure to serve on the Board these past five years and I feel it is in the best financial condition in its history. It is served by a very capable Board and an excellent management/operation team. I am confident the Water District will continue to thrive in the future. Sincerely, John O'Daniel*". Chair Evans stated he hates to see him go but indicated his understanding with his health problems; we will miss him. We need to advertise for people to serve on the Board and indicated it would be put on the agenda for May. Vice Chair Marley inquired how we would do that with Chair Evans indicating we would post it at the post office and submit a news release for publication with the Board seeking Letters of Intent to serve on the Board. S Hrabina noted the requirements are for the applicants to be registered voters and be an Owner/User. Chair Evans indicated it would be good to have someone with a business background. Additional discussion followed regarding the duties of the Treasurer during the interim. R Marley and M Brown both indicated they would not be able to serve with the Chair indicating it would rest on his shoulders. Chair Evans also indicated Ron (Lee/Secretary) is also laid up with an upcoming surgery. Chair Evans stated additional signers were also need for bank transactions, noting two (Board) signatures are needed on all checks per Board policy. Additional discussion included filling the vacancy and the need for additional signers followed by three (3) motions by Vice Chair R Marley: (1) motion, reluctantly, to accept John O'Daniel's letter of resignation from the Board; (2) add Jim Evans and Mary Brown as signers for bank transactions; and (3) motion to seek Letters of Intent from the Public to fill the vacancy on the Board. All three motions were seconded by M Brown and upon vote of each all passed unanimously.

Agenda Item #9 2005 Consumer Confidence Report

Management provided the Board members a draft of the 2005 Consumer Confidence Report (CCR) with the changes made from the previous year highlighted for review. The CCR also includes a letter to the Owner/Users for additional information, not required in the CCR. R Hrabina reviewed the changes noting the **Arsenic Issue** mandated by EPA was completed well before the date of January 26, 2006 without going into debt or raising rates. It was also explained the media used to filter the arsenic has an estimated life of twenty months and is very expensive. The Board created a Sinking Fund to be sure the money would be available when needed and represents about 45% of the Capital Budget. **Drought Concerns** again asks for consumers to conserve and some conservation tips were listed. **Water Pressure** noted ADEQ requires

Agenda Item #9 2005 Consumer Confidence Report (con't)

a minimum of 20-pounds pressure at the meter with customer pressure ranging from 27-pounds to over 90-pounds. For those with high pressure, customers can install pressure reducing valves and those with lower pressure can install private boosters to increase their pressure. Customers with low pressure are typically the homes located on the higher hillsides. R Hrabina also stated included with issues of water pressure, due to recent controversy regarding fire hydrants it reads: *As you may be aware, throughout most neighborhoods there are fire hydrants and/or standpipes. Many of these were installed through development at the cost of the developer. Although they are available to supply the Fire Department for fighting fires, then do not supply and cannot supply the water volume required for the best insurance (ISO) ratings. This is common in rural areas and Black Canyon City is no exception. It is estimated the cost to improve the system to provide the volume needed would be in the multi-million(s) and is not currently viewed as the District's responsibility. We will, however, strive to continue to supply domestic water at reasonable water rates. If you have any questions about your (homeowners) insurance rating, please contact your insurance agent for more details.*

Management spoke with the District's insurance agency and it was at their recommendation that this "disclosure" be included. R Marley stated he didn't know who wrote it but indicated he felt it was well written and helps clarify some of the issues. At the advice of the insurance agent it was noted the CCR was a good place to help inform the public. It was indicated it is required by ADEQ to include if there were any "detects" (bad water samples for coliform) within the system during the year, which R Hrabina emphasized we did NOT. Some of the other "boilerplate" requirements are definitions and explanations of terms. The report is for the calendar year 2005 and must be sent out on or before June 30, 2006. Chair Evans stated he felt a new heading for the information regarding the fire hydrants should be added with R Marley concurring. The Chair suggested adding the heading of **Insurance** to separate the issue from water pressure. S Hrabina noted the other item to discuss is the Mission Statement included on the back page and if revised in Agenda Item # 11 could be changed accordingly.

Chair Evans indicated he would entertain a motion to approve and send out the Consumer Confidence Report with the changes discussed (add Insurance Heading) with R Marley so moving. M Brown seconded the motion and upon vote the Consumer Confidence Report for 2005 was approved unanimously.

Agenda Item #10 2006/07 Budget Committee Report

Vice Chair R Marley opened the discussion and indicated the Committee was comprised of himself (from the Board), Sarah (Hrabina/Management) and Tony Chavez (Public representative). In review, R Marley indicated after completing the proposed budget the Committee felt there was a weakness in the capital funds area. It was noted the District just completed capital improvement projects of a half a million (dollars) and we've got the upcoming Yavapai County (road improvements/additional District improvements) and Tony (Chavez) and I thought the capital income was weak to meet these needs. We are making recommendations (to the Board) to address this weakness. The second area of weakness is the amount of time staff spends on the accounts that are delinquent, noting it is only about 5% of the total customers. Many of the delinquent accounts are continuously delinquent and there is a feeling on the Committee's part that we should make an effort to rectify the situation. Also discussed was with the recent capital improvements implemented, any new connection is receiving an even greater benefit and is as much as \$600 per customer just in this last year. Therefore, another recommendation of the Committee is the hookup charge is now somewhat low and should be increased with the increase being allocated for capital improvements. An increase of \$1,000 per new connection is estimated to generate about \$10,000 additional revenue for the fiscal year with the number of new connections averaging between eight (8) and thirteen (13) per year. Another recommendation is on the (monthly) base fees with the current charges at \$7.00 for Operation and Maintenance (O&M) and \$7.00 Capital for residential customers. R Marley indicated retaining the \$7.00 O&M and increasing the Capital to \$12.00 would generate an additional \$50,000 annually for capital improvements. Other fees were also discussed including an increase to the turn-on, turn-off fee and an increase in the late fee with an additional (flat rate)

Agenda Item #10 2006/07 Budget Committee Report (con't)

delinquent fee of \$15.00 per occurrence- similar to credit card late fees. R Marley stated this would NOT affect 95% of the customers and may help encourage the remaining 5% to keep their payments current.

See Attachment B for the complete Budget Committee recommendations attached.

See Attachment C for complete 2006/2007 proposed Budget attached.

Having completed the report from the Committee, S Hrabina (Management) stated the only thing she wanted to add was she attended earlier in the day a meeting at Water Resources in Prescott in regards to the new reporting requirements by the State. One of the requirements is to have a Conservation Plan with the State suggesting having a tiered or graduated rate structure. S Hrabina noted currently residential customers pay \$2.00 for every 1,000 gallons of water whereas commercial customers pay \$3.50 per 1,000 gallons. Consideration could be given where the rate structure, for example, could be at the current rate for the first 5,000 gallons and increased over that. It was noted the theory is having to pay a higher rate may encourage customers to conserve. Another fee that could be considered is a fee for services provided to title companies with S Hrabina explaining she completes forms for outstanding assessments when properties are in escrow. She noted some places charge for the service and, years ago when she held the position of a tax collector, a fee was charged for the certification statement.

Chair Evans noted his concern with the customers on a limited income with S Hrabina indicating as Bob (Marley/Vice Chair) pointed out the majority of the recommendations will not affect the average customer because they pay on time. Chair Evans pointed out the 1 ½% interest rate was extremely low and definitely should be increased. It was explained that some "pink slip" customers pay in full but many only pay the amount that is 30-days past due and, therefore, perpetually receive a "pink slip" each and every month. Chair Evans indicated the recommendations appeared valid and worth looking at and also indicated the issue of pro-rated use (tiered rate structure) is quite common today including APS. Additional discussion followed regarding capital improvements and line replacements, in particular the failing transite lines. R Hrabina indicated the recent repair- the transite line removed had "made in China" on the pipe and speculated on the true quality of the pipe.

Vice Chair inquired as to the next step; S Hrabina (Management) suggested having the Public Rate Hearing and the Public Budget Hearing separately with the Budget Hearing next month (May) and the Rate Hearing in June giving additional time to review and for the Board to prepare the wording for the revisions. The Chair suggested the Budget Committee meet and continue to work on the revisions keeping in mind the need to not impact the low income people on the system. Vice Chair Marley stated he felt they were most likely the low water users anyway and is an argument for a graduated (billing) system anyway with J Evans concurring. Chair Evans indicated he agreed the Board should schedule the Budget Hearing first and then hold the Public Hearing for the rate increases, noting perhaps better terminology would be to call it "rate enhancements". The Chair indicated he would entertain a motion to accept the budget with M Brown so moving. R Marley moved to second and upon vote the 2006/07 Proposed Budget was approved unanimously. The Chair instructed Management to post and advertise the Budget Hearing. S Hrabina suggested the Board also make a motion to set the date in June for the Rate Hearing. Chair Evans indicated no one likes rate increases and asked for any comments from the Public. Bob Cothorn indicated he felt it seemed like a "rate reduction repeal" from when the rates were reduced back in November of 2004. It was noted times change and M Brown also pointed out the impact fees are not out of line. R Marley indicated it was the second recommendation (\$4.00 rate increase for capital improvements) that Bob (Cothorn) was probably referring to and S Hrabina noted even if the full amount was approved it is still less (with the last rate reduction being \$6.00). It was also noted no one ever said the rates could remain the same forever and ever with S Hrabina adding at the meeting at Water Resources rates were discussed and the lowest base rate indicated was \$24.00 (month). Chair Evans called upon Mike Ezell who indicated he was part of the budget committee last year and publicly opposed the rate reduction. (Note: did not use microphone and difficult to transcribe complete statement). Chair Evans called upon Stan Cothorn; he indicated the perception would be the rate reduction was a shrewd political move to get re-elected. Chair Evans indicated he felt the Board could defend the action

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(rate reduction) and noted it doesn't change the facts and although the cost for the arsenic system were known the cost for the media replacement was, and still is, an estimated cost. We won't know the actual cost until we have to actually make the first replacement on the media material. We did our best on planning for that. What we hadn't planned on was line replacements; in particular the transite lines. Chair Evans also indicated other costs, such as the high fuel costs today that are not within the Board's control. Vice Chair R Marley indicated he was somewhat insulted by Stan's (Cothorn) comment noting he's trying to do his job and for it to be implied that facts would be fudged one way or the other just to get elected . . . you have my word- I don't care. Stan Cothorn stated he didn't care either, adding he doesn't vote. R Marley stated he felt the Board does their job well; I see very few people come to the meetings to complain about a problem. What I do see is this continuous harping by the same few people –if you don't like what we're doing, go vote us out of office. We doing what we think is right and I'm going to continue to the best of my ability. Chair Evans stated there is a negative attitude towards the Water District in the Community with Vice Chair Marley noting, unfortunately, the people we serve very well don't turn out for this meeting. R Hrabina (Management) stated the negative attitude is really just a FEW people; we see the majority of the people all the time and even when we had that disaster when the water was turned off for 18-hours (main line repair/replacement) – we had only one person out of about two hundred people that didn't have water that wasn't happy and complained. That's incredible; so 99.9% ARE happy. They are very happy with the work that's been done and with this Board. Chair Evans indicated the Board will need to address it (rates) the best we can – why we did what we did, and people will believe what they want.

The Chair indicated the need to have a motion to set the rate hearing, with S Hrabina noting it would be for the June meeting. Chair Evans questioned if the Committee could be ready by then with R Marley indicating he was sure the Committee could be ready by then and motioned for the Budget Committee to finalize the proposed rate changes, in a final form, for presentation with additional Board review at the May meeting and the (public) Rate Hearing for June. M Brown seconded the motion and upon vote was approved unanimously.

Agenda Item #11 Mission Statement Defined

Vice Chair R Marley opened the discussion indicating he was the one who asked for this to be on the agenda. R Marley indicated it's normal in any kind of job to define what that job is; what you stand for and what you do. If you're running a company you try to define what your mission is and what you're trying to do. I see a lot of confusion here about what we're trying to do. We have people coming in continuously that have a mission, I think, that might be different than ours and yet we're not really clear on what our mission statement is ourselves. Sarah (Hrabina/Management) has gone back and done some work and checked and apparently – and I would have expected, but I am talking as a novice; I've only been here (on the Board) for a about a year and a half – I would have expected when this Water District was created someone would have written down what it was created for. I think we all know what it is we want to do, we've just never firmly put it down or communicated it. Because we haven't people keep trying to "expand", possibly, what we should be doing. R Marley stated when he first joined the Board one of the things he stated was he would like to is work towards making sure water keeps coming to people's door at a reasonable price – I think that is probably our primary goal with J Evans concurring. I think there are also other dimensions as well; to be self-funding as opposed to loan funding. I don't think any of us want to start getting into debt with large loans. I think we all agree to it, but I haven't seen it written down anywhere. I think there are limits on what we can do; obviously the Chief (Chief Birch) comes in and wants 3500 (fire flow pressure) and our system just doesn't have the capability. Chair Evans stated he (Chief Birch) never said that and R Marley indicated that was what he heard. Chief Birch commented (without microphone/inaudible from tape). R Marley stated previously he called the system a "garden hose" system but noted he felt it works darn well and it's a garden hose system we're trying to couple on some substantial demands. We need to get in our mission statement some kind of definition as to what our limitations are; what will we, and what can we do before our Owner/Users say we don't want to spend 2-million dollars. Would huge volumes of water be in our best interest because a lot of the

Agenda Item #11 Mission Statement Defined (con't)

fire department's needs are away from our (water) district and they really need pumpers to do that; they don't really need pipes. It would be good for us to try to come up with a paragraph of what we can and can't do and how we see what we are supplying to our customers. I don't think we can write that tonight. S Hrabina/Management noted what is on record is what has been included with the Consumer Confidence Reports which has been in effect for the past three years (Note: since 2000). It reads - **MISSION STATEMENT:**

"We, The Board members and the Management Office of the Black Canyon City Water Improvement District, are dedicated to provide top quality water to every tap within the Water District boundaries. We ask all our Owner/Users to help protect our water resources and learn and practice conservation methods as much as possible to help safeguard our way of life and our community's future.

Chair Evans indicated he felt a mission statement should be short, not long with R Marley adding and easily understood. Chair Evans stated he felt the mission statement as read was probably a little too long to be effective. A couple of things that may need to be revised – "provide top quality water" – we have a problem with hard water. Are we going to provide soft water to everyone? I don't think that's the intent of the Board nor do I think anyone expects that. What is the definition of top quality water. M Brown stated she felt top quality water means good clean water, without the impurities; to ADEQ standards. M Brown indicated water throughout Arizona is hard with Chair Evans stating he felt perhaps it needed to be defined better. The only one is "to every tap" – I know we've had complaints from time to time about their hot water was rusty or cloudy or different things. We have no control over that; so it's not "to the tap", it's "to the meter". R Marley suggested it could be re-written to say we will supply quality water to meet the Federal and State standards. Chair Evans suggested taking it home to think on it and look at it again at the next meeting. Chief Birch was called upon and spoke without microphone (difficult to hear in its entirety on tape). Chief Birch inquired about the District's position regarding fire hydrants noting it was important for him to know as it would make a difference as to what grants would be available. Chair Evans indicated in Phoenix and all the big cities in the construction of a large project a storage tank is installed; it is not potable water and water only flows one direction – into the tank. Our tanks that we are using- the tank over at the school is used for both potable water and for fire protection. What Tom (Chief Birch) is saying is –where we can work together- we can increase our pipe size throughout the town; that will benefit Tom (Fire Dept) and also benefits us. But if he (Fire Dept) is going to store 25,000 gallons or 300,000 gallons so he has the amount of water he needs for what insurance requires, that's going to have to be "dead" water. It's not going to be potable water. Part would benefit us and part would not. Where we can work together, we need to and if he wants to put more storage tanks in around town, he can do that; but that's not going to help the water district. It was noted having excess storage could create bacteria problems. If we can get better piping through the town to his (Fire Dept) tanks and also improve our water pressure like we've been talking on Roadrunner we will all benefit. So those are the areas we can all work together, that's my position. Chief Birch was called upon by the Chair and, again, without microphone was difficult to hear on the tape for transcribing. R Marley indicated he learned something from this conversation and what he learned was "dead" water is beneficial for the Fire Department, but not to the Water District and additional tanks would help your situation a lot and tanks can be filled up slowly; don't require a lot more line and our system doesn't require a lot more line to do the job it's doing. I take issue with the fact that more line necessary helps us; I don't know that it does, Right now our system works relatively well as it is. I really see this as a side issue; it seems like the Fire District, in order to get good insurance ratings and good flow rates, is going to have to put up more "dead" water storage tanks and have more pumper capability – and that's got nothing to do with us (Water District). I'm sorry, but it just doesn't have anything to do with us. Chair Evans indicated there are some areas, such as the Roadrunner Circle and elsewhere- that's where it would help us. Vice Chair Marley stated if you focus and look at the overall issue of delivery of water in the Fire District, there's a really big problem because the Fire District is a couple of times bigger than the Water District and it requires a lot of capacity to move water which is pumpers and "dead" water tanks to deliver what

Agenda Item #11 Mission Statement Defined (con't)

he needs with Chair Evans noting that is another issue which doesn't pertain to the Water District, with Vice Chair Marley concurring.

Back to the Mission Statement – Chair Evans recommended the three Board members write a statement and get back together next month. No motion needed to TABLE until the May meeting.

Agenda Item #12 Capital Improvements

Chair Evans yielded the floor to R Hrabina/Management to give an update on the projects. R Hrabina reported the fire hydrant (approved by the Board on Old Black Canyon Hwy business area) was completed at a cost of \$3,177.41. Total cost for the Phyllis Street line replacement was reported at \$7,764.00. Work on the April line abandonment has been started and it was reported it should be complete before the end of the month. The tank replacement at Big John – the tank has not come in yet from the supplier.

R Hrabina stated the 5-year plan previously presented to the Board needs to be re-done noting the need to add replacing existing transite lines. R Hrabina also indicated the only big expense is the need to install a bigger line across the freeway; increasing the existing 4"-line to a 6"-line. R Hrabina indicated boring under the freeway could cost as much as \$100,000. Chair Evans inquired about the possibility of going over by way of the bridge with R Hrabina responding sometime in the past it was his understanding a previous Board had investigated that and the State would not permit it. The concern was if there was ever a problem with a leak it could cause a traffic problem on the freeway. Chair Evans indicated he had heard that, too, but did not know who it was or who was contacted at the State and suggested checking and pursuing the possibility again. Obviously if we could go over the bridge it would be a whole lot cheaper. Chair Evans noted even with boring under the freeway if there was a leak there would still be a problem with the road.

No Board action required

Agenda Item #13 Liability Issue/Low Flow Fire Hydrants or Standpipes

Chair Evans yielded the floor to Vice Chair R Marley to open the discussion with R Marley indicating his concern about hydrants on the system. R Marley indicated if he or people see a hydrant it's assumed they can deliver the needed water to suppress a fire. I think we have heard over and over that these hydrants cannot supply the volume of water needed. I feel we need to know whether this is a liability concern or not. Having asked the question, R Marley indicated Sarah (Hrabina/Management) has done some research and indicated he felt good to know the Board was protected. S Hrabina indicated, having talked with the insurance agency, it was their recommendation to include the disclaimer in the Consumer Confidence Report with R Marley indicating he was very encouraged by that statement; it's a great statement. The best solution is to inform and make sure people are aware and R Marley indicated he was satisfied.

No Board action required

Agenda Item #14 Inclusion of District Election with County General Election 11/7/06

Chair Evans opened the discussion indicating the District received a letter from Yavapai County regarding the November election. It was noted there would be two positions open - Mary Brown and Robert Marley for the next elections. It was noted the letter indicates that if there are only two positions and only two candidates, the election would be cancelled. July 10th is the first day to file and the last day is August 9th. A motion to approve the District participate with the Yavapai County General Election on 11/7/2006 was made by R Marley and seconded by M Brown. Upon vote the motion passed unanimously and Chair Evans signed the document on behalf of the Board.

Agenda Item #15 Public Records – Records deemed NOT Public for Security Reasons

Vice Chair R Marley opened the discussion noting after making the opening statement he would give Bob (Cothorn) the opportunity to address the Board. R Marley indicated the issue has been addressed a number of times, noting the last letter that was sent out to Bob (Cothorn) was in June (2005) clarifying the map could be copied; the well and pumping data was referred to the AG (Attorney General) at that time and is still open and I think that is one of the items he is still requesting we take a final action on; The Management Contract was given and the copies of the minutes requested were given, as they are given to anyone who requests them. The last item was the Emergency Operation Plan. In all the discussions I've had on this – at one time, 5 or 6 meetings ago, Stan told me Bob already had this from ADEQ, which is interesting. We do supply this information to ADEQ and the point is ADEQ can decide whatever they want to but the remaining question is whether WE (the Board) should give it out or not. From my way of thinking, we (the Board) have indicated we feel it comes down to a security issue of our water and is not advisable in terms of protecting the system. If WE (the Board) give out that information and something goes wrong, then I think we would be liable. ADEQ has the full weight of the State behind them and I guess they can do whatever they want. We (the Board) not only have the requirement to protect our customers in terms of potential damage to the system but also protect them in terms of financial liability. My recommendation on this has always been the same on this. I put it out to the Attorney General and the Attorney General, in the letter they sent back, is indicating they don't want to deal with it. The issues being brought up by Bob (Cothorn) are very interesting – they are issues regarding “public information” and as I've pointed out before, there are hundreds and hundreds of exceptions. The reason we've chosen has always been the same – we don't think it's a reasonable and secure thing to do for our system. Vice Chair Marley noted what's the point of having an emergency plan if it's given out to everyone. The Vice Chair indicated the Board's position is very sound; he indicated he was very sorry the Attorney General doesn't want to take a position; I don't think we (Board) want to take it on legally and we may just have to say to Bob (Cothorn), if you're not happy sue us. R Marley stated the Attorney General indicated to him it would probably never get resolved except through the courts. Stan Cothorn was recognized by the Vice Chair with S Cothorn asking to make a clarification regarding a statement made by the Vice Chair. S Cothorn noted he did not recall saying Bob “had” gotten the information from ADEQ but that it was “available” from ADEQ. R Marley noted he did not tape the conversation and noted he may be correct. Chair Evans offered a summary and indicated all the information requested was provided with the exception of the three (3) items – location and well information; list of each well and current pumping capacity and the emergency operation plan. My personal opinion and recommendation to the Board is the Board clarify once again- I believe we did previously, but it won't hurt to do it again. My concern is not giving it to you. You know where they are; everyone in town knows where they are. If we give it out “publicly” then anyone that wants it and asks, we are obligated. I think the only people who would want it, that doesn't know where they are, would be someone that would want to do damage to the system. I think it is encumbered upon us (the Board) NOT to produce that information voluntarily. I know you're not going to hurt the system; but I also know you already know where they (wells) are already, just like anyone else in town. I don't think it's encumbered upon us to put that information out publicly. Vice Chair Marley added, nor do we wish to make an “exception” because then we're on record with Chair Evans concurring. If we give it to you in writing then it's public record and anyone else who wants it can have it and I don't think that's something we (Board) want to do; I don't think that's good management to do that. Additional discussion followed including J Evans and R Hrabina indicating some of the data requested is not even available. It was noted the pumping capability may be available through Water Resources. Bob Cothorn made statements (without microphone/not all audible). Bob Cothorn indicated what he wanted from the Board was to put the Board's position in writing to him and to request a copy of the letter from the Attorney General. Vice Chair R Marley indicated he would provide a copy of the letter. Chair Evans indicated he would entertain a motion that as a Board we set a policy on these items and whether they are public records or not. Vice Chair R Marley motioned the policy on the three (3) items (location and well information; pumping capacity and emergency plan) NOT to be of public record based on security issues. M Brown seconded the motion and upon vote the

Agenda Item #15 Public Records – Records deemed NOT Public for Security Reasons

motion passed unanimously. R Marley offered to write a letter to that effect to Mr. Cothern with Chair Evans indicating he could get that from the minutes with Bob Cothern indicating he would also like a letter. R Marley indicated he would write the letter on behalf of the Board and include a copy of the Attorney General's letter. Inasmuch as this is a legal issue, Chair Evans indicated before the letter is sent to Bob (Cothern) the Board needs to look at it and review it.

Agenda Item #16 Call to the Public

Chair Evans called upon Stan Cothern who stated at the prior meeting the question was raised about what other Water Districts charge Fire Departments. Mayer was suggested and S Cothern asked if the Board had checked. It was noted Board members had not checked.

Chief Birch commented (not audible on tape).

Stan Cothern requested an agenda item be added for the next meeting discussing the possible changes in arsenic with Vice Chair R Marley asking to be more specific. S Cothern indicated the Board could check with the *Washington Post*, *Detroit Free Press* or *the Boston Globe*. It was indicated there is "discussion" about the level of arsenic for small companies serving under 10,000.

Chief Birch thanked the Board for putting in the fire hydrant (business district/Old Black Canyon Highway).

Mike Ezell inquired (without using the microphone) about the Consumer Confidence Report and the insurance issues – am I accurate that it is going to be part of that report? R Hrabina indicated it was already in. M Ezell asked if it accurately expresses the Board's position with Vice Chair R Marley indicating the Board approved it so the only way to respond is, "yes". Chair Evans inquired if there was something we're missing with M Ezell indicating his concern, noting there is obvious tension in the room regarding this issue. I'm wondering if that accurately represents the Board or if it is a biased statement. R Hrabina reviewed each of the statements (sentences) included in the insurance heading of the Consumer Confidence Report, pointing out the validity of each. It was also noted the insurance company had suggested the disclosure statement.

Mike Ezell indicated he had a second question noting it had to do with working on the Mission Statement. Noting his observation of Mr. Marley's very verbal responses and reactions during the meeting his recommendation is Mr. Marley be excluded from participating in the preparing of the Mission Statement. Vice Chair Marley indicated Mr. Ezell may just have started a recall election and added he has to perform as a member of the Board. M Ezell indicated Mr. Marley has an obligation to act in a professional manner and I've watched you react and I'm very concerned about that. I'm not calling for a recall, I'm asking for professionalism and is why I'm concerned about the mission statement. Chair Evans indicated that was why all three of the Board members would be working on it along with a new member and possibly even asking for input from the Owner/Users at some point in the future.

With no other business, the Chair declared the meeting closed at 9:25 PM.

ATTESTED:

I, _____ for the Black Canyon City Water Improvement District certify that the minutes, as transcribed, are true and correct to the best of my knowledge and belief.

Respectfully submitted,

Transcription of minutes completed by Sarah J. Hrabina on _____

Amended: YES NO

Minutes of the Regular May 15, 2006 Board Meeting approved
by Board action on: _____ as herein transcribed

Attachment A Agenda Item #6 Treasurer's Financial Report

**BLACK CANYON CITY WATER IMPROVEMENT DISTRICT
 FINANCIAL REPORT as of 03/31/06**

To: BCCWID Treasurer and All Board Members
From: ACH/Management Board Meeting: April 20, 2006

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Attached to this Financial Management Report for your approval:

Reconciliation of all YAVAPAI COUNTY & Bank of the West accounts including receipts, expenditures, transfers & interest earned -

RECAP of BALANCES PER YAVAPAI COUNTY TREASURER:

		<u>Beginning</u>	<u>Ending</u>
GENERAL FUND	a/c#652240	\$243,354.15	\$267,636.43
SECURITY DEP	a/c#652140	\$ 39,925.00	\$ 39,250.00
IMPACT/CAPITAL FUND	a/c#652040	\$146,616.22	\$124,089.98
ARSENIC SINKING FUND	a/c#651940	\$ 23,529.07	\$ 26,956.52
RECAP BANK OF THE WEST ACCOUNT:		\$ 7,147.39	\$ 12,730.76

Total "Set-aside" Funds frozen by Yavapai County as of (12/02) – no change from last report; ending balance \$11,571.09

March BILLING:	Water	10,695.25
	Maint. Fee	5,954.00
	Capital Imp	5,697.00
	Penalties/Other	230.32
	Taxes	<u>1,450.31</u>
	TOTAL/814 active accts	\$24,026.88

Mar Gallonage: 4,703,000 Gallons Previous mo: 5,815,000 gal
 Mar'05comparison 3,644,000 Gallons
 2005/06 Fiscal Year-to-date (9 months): 57,129,000 gals

Also Two (2) Monthly Cash Management Reports are attached showing:
 ACTUAL Total Receipts deposited (all sources) \$ 38,216.77
 and
 ACTUAL Total Disbursements for the month (General Fund) \$ 29,838.79

The quarterly transfer from the Capital Reserve account to the General Fund was also made to reimburse the GF for the capital expenditures made (Note: ALL checks are disbursed through the GF) and also for the Security Deposit Fund.

Financials include Qbooks invoices #671 to #677 and Taabs Audits #7211 through #7264; with the accounts receivable in both Taabs and Quick Books balancing at \$24,112.06

Two impact fees were collected in March: Audit#7235 – a/c#759 & Audit#7258 – a/c#759 for a total of \$ 3,000.00

Budget vs Year-to-Date Analysis Report attached; as well as the Monthly general journal entries for **March** for approval.

Respectfully submitted,

 Sarah J. Hrabina, Management

Attachment B Agenda Item #10
Budget Committee Recommendations

In addition to generating an annual budget, a concern of the Committee is the funding of future capital improvements. In the current fiscal year we spent approximately a half million dollars on our system. While we do not expect those spending levels to continue, we do need significant amounts of money to replace operating equipment as it fails and comply with the counties road improvement plans in the coming fiscal year. The budget as currently suggested appears to be skimpy on generating these necessary funds.

A secondary concern is excessive amounts of staff time are required to repeatedly handle delinquent accounts. Every month about 5% are delinquent, a few are even continuously delinquent. The Committee believes these penalties need to be reviewed, as they appear insufficient to achieve a high level of payment compliance.

The Committee makes the following recommendations:

- 1) The initial connection fee seems to be extremely low when compared to those charged by other water suppliers. The committee suggests the impact fee be raised by \$1000.00 (this would increase a new hookup charge from approximately \$2000.00 to \$3000.00). This would allow new properties to participate in funding past capital costs of our system (approximately \$600.00 alone per account in the current fiscal year). This would generate close to \$10,000.00 per year for capital improvements (estimate 8-13 complete, new hookups annually)
- 2) The monthly base fee charged to each customer is currently \$14.00 (\$7.00 to operations and \$7.00 to the capital improvements). The committee suggests that this be increased to \$19.00 (\$7.00 to operations and \$12.00 to capital improvements). This would generate an additional \$50,000.00 annually for capital improvements.
- 3) The turn-on/turn-off fee is currently \$25.00. The committee believes this should be re-established at \$50.00 (\$25.00 for turn-on and \$25.00 for turn-off, paid in advance).
- 4) The late fee of 1-1/2% seems very low. On the typical bill, \$20.00-\$30.00, a month behind on payment, this amounts to a penalty of thirty to forty-five cents, an amount so small as to be almost meaningless. The committee suggests increasing this to 10% of the outstanding bill and the addition of a Delinquent fee.
- 5) The committee believes that a Delinquent fee of \$15.00 per occurrence would not affect 95% our customers and might encourage the remaining 5% to keep their payments current. As the number of delinquent accounts is expected to decline significantly, hopefully into the 1-2% region, the committee does not expect these changes to generate significant new funds. All accounts not paid when due would be charged this fee monthly. The goal is to save money by reducing staff time lost on repetitive billings not necessarily increasing income.
- 6) While not having any additional specific suggestions, the committee believes the board might want to consider additional monthly and setup fees regularly charged by other water suppliers, such as a meter reading fee.

Upon the Board deciding whether any, of perhaps all, of these suggestions should be implemented it will be necessary to convene a rate increase public hearing. As such the committee believes a comprehensive rate change package should be put together so only one hearing is necessary.

Budget Committee: Tony Chavez, Sarah Hrabina, and Bob Marley