

**MINUTES FOR THE
BLACK CANYON CITY WATER IMPROVEMENT DISTRICT
July 20, 2006 REGULAR BOARD MEETING**

TRANSCRIBING NOTE: The tape of the meeting began with the Operations Report. The beginning of the meeting is from the hand-written notes.

Chair Jim Evans opened the meeting at 7:30 PM and called for the customary reflection period to be observed by the Board and Public

Roll Call showed a quorum with ALL Board members present -

Jim Evans, Chair Ron Lee, Secretary
Floyd Ballinger, Treasurer Mary Brown, Member-at-large

Also in attendance: Water Management - Randall Hrabina and Sarah Hrabina

Public: Bob Cothorn, Marlene Evans, Joyce and Donald Kobold Ralph VanDusen and Darrell Zimmerman all Owner/Users; Also in attendance Cindy Brannan and Bruce Colbert/Diana Baker-Hans from the Big Bug News

Agenda Item #4: Board Member Reports - None

Agenda Item #5 Approval Board Minutes

M Brown indicated she read the minutes from the June 15th meeting and motioned to accept the minutes as written, noting they were accurate. F Ballinger moved to second the motion and upon vote the motion to accept the minutes from the June 15, 2006 Regular Board meeting was approved unanimously. The Chair called for a motion to accept the June 22, 2006 Special Meeting and M Brown indicated she also found them to be accurate and moved to approve. F Ballinger seconded the motion and upon vote the motion to accept the minutes from the June 22, 2006 Special Meeting/Budget Hearing was approved without opposition.

Agenda Item #6 Treasurer's Report (as of 6/30/2006)

F Ballinger presented the Treasurer's Report and provided the beginning and ending balances for all accounts:

Account	Beginning	Ending
General Fund	\$236,511.97	\$276,932.47
Security Deposits	\$ 39,250.00	\$ 39,710.00
Capital Reserve	\$142,019.44.	\$125,707.78
Arsenic Sinking Fund	\$ 33,730.09	\$ 37,218.86
Bank of the West	\$ 17,242.31	\$ 13,664.30

F Ballinger reported additional funds were recovered by Yavapai County in June, reducing the Set-aside Fund from the balance of \$11,571.09 reported last month to \$8,585.92. It was noted the original amount was written off as uncollectible by the CPA at the end of the 2003 fiscal year.

June billing totaled \$32,784.14 with 824 active accounts. The gallonage for the month was reported at 8,590,000 as compared to 8,546,000 the previous month. The June '05 comparison was 9,021,000 gallons. Total for the fiscal year was reported at 79,813,000 gallons.

Cash Management Reports show total receipts of \$46,310.23 and disbursements of \$25,946.93. The financials for the month included Qbook invoices 694 through 703 and the Taabs audit numbers were 7359 through 7400 and the accounts receivable balanced in both at \$31,860.44. Five (5) new services were recorded with four (4) impact fees paid in June- Audit #7397 for accounts #765, 766 & 767; and Audit #7397 for account #768 for a total collected of \$6,000. In addition Audit #7376 for a/c#2078 was for the service the Board approved with installment payments. \$1,500.00 was set up as an accounts receivable.

The Treasurer indicated the monthly budget analysis and general journal entries were also attached for approval and Chair Evans indicated he would entertain a motion for accept the Treasurer's Report. R Lee so moved and the motion was seconded by M Brown. Upon vote the Financial Report for the period ending 6/30/2006 was passed unanimously.

FYI-Book – Chair Evans noted the FYI-Book was available for public inspection and included the following documents:

Yavapai County Dept of Elections –Special District Candidate Packet; Response and clarification on statements made at the 6/15/06 Public Rate Hearing responses by S Hrabina/Management;

FYI-Book (con't) Copy of appreciation letter mailed to John O'Daniel and copy of appreciation letter mailed to Robert Marley; Copy of letter to Yavapai Co. Board of Supervisors setting Special Meeting/Public Budget Hearing for 6/22/06; Copy of letter to Yavapai Co. Board of Supervisors for 2006/07 BCCWID Approved Budget; Copy of bank letters adding Treasurer, Floyd Ballinger as an authorized signer to the District accounts; ADEQ 2007 Public Water System Information Update; ADEQ Termination of Compliance Order #DW-128-04 BCCWID has met all the terms as of 4/20/2005; Notice of Proposed Settlement – Water Case #W1-207 in the Superior Court of the State of Arizona; re- The general adjudication of all rights to use water in the Gila River system with Chair Evans noting this is on the agenda (Agenda Item #14) for discussion.

Agenda Item #7 Operations Report (as of 07/17/06)

R Hrabina presented an overview to the Board and Public: 17 Completed Work Orders, 6 Blue Stakes marked and 37 "Pink Slips" for past due accounts were processed. Water samples (for bacteria) for the month were negative. It was reported two (2) new services were installed – one on Ridgeway/Indian Hills and one on Nasty Ridge. A leak was also reported at the Big John site and a fan was replaced in the motor at the Cholla Booster site. The Well Stats were reported with R Hrabina noting no change in the levels from the last report, just running time increased

Big John #1 Water level at 20' 6"; Draw to 24';

Big John #2 Water level at 20' 6"; Draw to 45'

Running time is 7 ½ to 10 hours a day

GOA #1 Water level at 20' 6"; Draw to 24';

GOA #2 Water level at 20' 6"; Draw to 47'

Running time is 10 to 12 hours a day

Oasis #1 Water level at 25'; Draw to 55'

Oasis #2 Water level at 25'; Draw to 50'

Running 5 to 7 ½ hrs a day

It was noted the total gallons pumped was omitted in the report and Management will report it next month. Chair Evans inquired if next month's report will be for both months with R Hrabina indicating the numbers are recorded daily, it just wasn't calculated and included in this report.

Updating the capital improvement project, R Hrabina indicated the new storage tank for the Big John site is finally done (built) and Management will coordinate delivery and installation with the crane company.

It was reported the physical inventory for the fiscal year end of June 30th is done.

Concluding the report R Hrabina called for any questions from the Board. R Lee motioned to approve the Operations Report; a second was made by M Brown and upon vote the Operations Report was approved unanimously and the Chair thanked Randy (Hrabina/Management) for the report. The written report also included the following note: July 26, 2006 will mark the 7-year anniversary Management has been overseeing the Water District. We are proud to be a part of the "team" effort with the Board in making so many improvements to the District and providing the best quality water to the Owner/Users.

Agenda Item #8 BLM – Water Line Right-of-Way Lease transfer from Trails End

Chair Evans opened the discussion noting this was previously discussed and tabled at the February (2006) Board meeting. The Chair inquired if all that was needed was approval to transfer the lease with S Hrabina (Management) indicating needing in addition was who would be signing the document on behalf of the Board. For background information, Chair Evans indicated the lease was originally given to Trails End Water Company. A small fee is charged and Phil and Jeane Albins had called the Chair asking if the Water District could transfer the lease into the District's name. Chair Evans noted the Albins have signed the papers and M Brown motioned to approve the BLM lease transfer from the Trails End Water Company to the Water District and for the Chair to sign the documents. R Lee moved to second and upon vote the lease transfer was approved unanimously.

Agenda Item #9 Darlene Wood CPA Engagement Letter for 2005/06 Audit

Chair Evans asked for any Board discussion, noting it is the standard letter. F Ballinger inquiring if it is the same CPA from the past year. Chair Evans noted this will be the third year adding at that time we looked for bids and she was the best price. The Chair stated he felt she has done an adequate job for the District and indicated he would entertain a motion. R Lee motioned to approve the engagement letter for Darlene Wood to perform the 2005/06 year-end audit. M Brown seconded the motion and upon vote was approved unanimously.

Agenda Item #10 Letters of Intent/Board Vacancy (Robert Marley/Vice Chair)

Chair Evans opened the discussion stating there are now three (3) people who have indicated a interest in serving on the Board. (1) Ralph Van Dusen; (2) Jack Horton; and (3) Bob Marley has submitted a letter indicating he would like to serve again, noting his health has improved. We know Bob (Marley) and we interviewed Jack (Horton) last month so I'd like Ralph (Van Dusen) to come forward and tell us why you'd like to be on the Board. Ralph Van Dusen introduced himself and stated he has lived in Black Canyon City for thirteen (13) years. The reason I'm interested in serving on the Board is I am a water user. I like the quality of water we have and I approve of the way the Water Board is running the District and I feel I could work with the Board members to maintain that quality. Mr. Van Dusen asked if there were any specific questions from the Board members and R Lee asked if it was correct that he works for Swift Transportation with Mr. Van Dusen indicating affirmatively. R. Lee stated he knew that, adding he has worked with him for several years and knows the quality person he is and knows he is capable of management, operations and investigating; things of that nature that would be valuable to the Board. Chair Evans indicated this would be a "short term" position noting the position will be on the ballot in November. R Lee stated he had spoken with Mr. Marley and he has indicated he intends to put his name on the November ballot. With the letters we have received, I'd like to make a motion we appoint Ralph Van Dusen and have him join the Board. Chair Evans called for any other Board discussion with F Ballinger asking about Jack Horton's letter and Chair Evans indicating he is still in the running and the third is Bob Marley. Jack's quite active with other organizations in the community, he felt he would have the time to devote to the Board. Chair Evans indicated he thought Floyd (Ballinger) knew him well with F Ballinger indicating he had a background with him at the High Desert Park and indicated he (Mr. Horton) is good at coordinating people and getting things done. We're talking about a short-term appointment here and Ralph may be a better choice with Chair Evans concurring. In recapping the three choices, Chair Evans indicated Bob Marley certainly is qualified; Ralph (Van Dusen) has good management skills; and Jack (Horton) has run a construction company for years and is active in the community. I think we have three good choices. We have a motion on the table (R Lee motioned to appoint Ralph Van Dusen) and asking for any other Board discussion with M. Brown asking where does that leave Bob Marley? Chair Evans indicated if we don't select him now he's running in November. M Brown indicated she felt he should be considered. R Lee indicated he won't be back until September and F Ballinger stated he really isn't a part of this picture. He could be, Chair Evans, stated noting he has submitted a letter and (the letter) is part of your (Board) packet. Any one of these could serve our needs. With no other discussion the Chair indicated the motion on the floor and M Brown seconded the motion to appoint Ralph Van Dusen to fill the Board vacancy. The appointment of Ralph Van Dusen to the Board was by a unanimous vote. Following the appointment, applause was given by the Board and Public to welcome Ralph Van Dusen to the Board. S Hrabina (Management) provided a Board packet and additional orientation material (Policy Manual, Yavapai County Special District Handbook, Ordinance and Capital Improvement Booklet). Mary Brown administered the Oath of Office and Ralph Van Dusen was sworn in.

Agenda Item #11 Purchase ArcView Software & GPS for mapping water system and quote for labor/computer time to create water system maps

Chair Evans opened the discussion noting for the Public this matter has been discussed on several occasions previously. The Chair yielded the floor to R Hrabina/Management who indicated since last month Management has done a lot of investigation – with Yavapai County, with a former surveyor and a company called ESRI. The software from ESRI is needed to create maps, with R Hrabina indicating the current maps are terrible. Years ago the system was mapped by Sunrise Engineering at a cost of something like \$30,000 and so much of the

Agenda Item #11 Purchase ArcView Software & GPS for mapping & labor (con't)

information is wrong - wrong size pipe; wrong side of the street. We have figures from ESRI and the price is at a special rate because they have a contract with the State; a set rate. R Hrabina stated Management also got a price for the GPS and would use it to locate all the valves and hydrants on the system and download them onto the computer for the maps. The total cost to do this (project) we've broken down –

\$ 1,208.25	(ArcView) Software;
510.00	GPS unit; and
<u>11,000.00</u>	Labor by Management for field time and computer work
Total	\$12,718.25

R Hrabina stated he has acquired the disk from Yavapai County of all the roads in Black Canyon City. It's up to date, including all the name changes but you can't do anything with it without the ArcView (software); you can't even read it. The Water District previously purchased the ArcView software but it is about 14-years old and ESRI is telling me it is totally out dated. They paid \$3,600.00 for it. This is up to the Board; Management just thought we'd give it a "kick-start". We based our labor cost after discussing the project with the Yavapai County mapping department and the surveyor to determine (estimate) the number of hours needed to do the project. The total price does not include any maps; however, Yavapai County said to bring up the CD and they will print the maps for us. If it's only a few they won't charge for it; if it's a lot they will have to charge, but they will do it for us. R Hrabina noted there are other more sophisticated software programs at costs of \$7,800.00 or more but felt this program (ArcView) would be sufficient for the District's needs. R Hrabina stated not everything will be accurate explaining there are some roads (streets) that we are 100% sure where the water line is. Updates will be ongoing and once the project is completed Management will include the updates as part of the management contract and also suggested the Board make it a part of any future management contracts. Management also recommends someone from the Board to keep a copy of the program and records so there is more than one CD in case something ever happened. We broke this (labor) down in stages – the first stage is everything north of the Agua Fria River including Maggie Mine and Indian Hills; next would be the balance of the west side (of I-17); and the last stage would be everything on the east side. Chair Evans inquired how long it will take to complete with R Hrabina indicating it will be several months with the actual hours estimated to be at least 350 hours. R Lee inquired if by locating the valves with the GPS will it help you locate lines you are unsure of by setting up a grid with R Hrabina responded if there is a valve we know where the line is. It's just some areas where there are no valves there are lines we aren't sure of; Phyllis Street – we believe there is another line. It doesn't make sense to dig up lines just to find them and risk hitting a gas line if you don't have to. Chair Evans inquired if with the GPS all the valves and hydrants would be located with R Hrabina confirming along with the known water lines. Chair Evans asked if the proposal was for the Water District to buy the GPS unit with R Hrabina indicating, yes. Discussing the cost of the GPS, R Hrabina indicated all of the components included, including an extended 3-year warranty for the total of \$510.00. This was a product found on-line with R Hrabina indicating another product was investigated at Frye's Electronics at a cost of \$910.00. It was stressed, again, the importance for the equipment to be owned by the District so that the equipment and records would belong to the District in the future. Chair Evans called for any other questions from the Board with F Ballinger inquiring about elevations with R Hrabina indicating the GPS did have the capability.

Chair Evans thanked Randy (Hrabina/Management) for all the time and work put into the research and indicated the total cost was a lot less than he was expecting and asked for any comments from the Public. Bob Cothorn stated he agreed and indicated the maps have been needed for a long time and should be done. With no other comments the Chair called for a motion with newly appointed Board member Ralph Van Dusen moving to approve the proposal as presented for the mapping of the water system including the labor, purchase of the ArcView software and the GPS unit. Additional discussion included payment for the labor in installments as the work is completed. R Hrabina also indicated Management would purchase the GPS unit on-line with a credit card with the District reimbursing for the actual cost. Chair Evans indicated there was a motion on the table and R Lee seconded the motion. Upon vote the motion to approve the total project at a cost of \$12,718.25 was approved unanimously.

Agenda Item #12 Capital Improvements

R Hrabina (Management) opened the discussion noting the previous Board discussions over the past several months. It was indicated the two things of utmost importance to Management was (1) the need to implement the valve program and (2) the road improvements at the school tank site. Discussion included the details and the other projects listed in the Capital Improvement Booklet could be reviewed at a later date. It was noted the Cholla Booster Station Management wanted to look at some other options and re-evaluate before moving forward. R Lee inquired about the work on the road (School Tank Site) with R Hrabina indicating Jim (Welch/BC Contracting, LLC) intends to blade it and re-dig the bar ditch. As it is now, Management cannot get up the road with the truck or the backhoe. The boys walk up to inspect. The road is very steep and rain has eroded it; the ditch no longer exists. It's been five or six years and if this lasts another five or six years you've invested less than a thousand dollars per year. Chair Evans noted the cost of \$7,600.00 for the Valve Program and \$4,500.00 for the Road Improvements at the School Tank Site. R Hrabina indicated if the Board was inclined to only approve one of the projects he would prefer the road improvements, noting the installation of the valves he would schedule once it got cooler anyway.

Chair Evans indicated funds are available for capital improvements with \$125,000.00 (\$125,707.78) in the Capital account (as of 6/30/06 Financial Report) and indicated he would entertain a motion. M Brown indicated the need to approve the priority project and motioned to approve the Road Improvement Project at the School Tank Site with R Lee seconding the motion. Upon vote the motion to approve the Road Improvement Project at a cost of \$4,500.00 was approved without opposition.

Agenda Item #13 Storage Yard (1) Trash Service; (2) Disposal of outdated material

Chair Evans yielded the floor to R Hrabina/Management who indicated Management always used the trash receptacles at Oasis for any trash from the District. Now that we no longer own Oasis, R Hrabina indicated he didn't think it was right to use it. Management is recommending a single trash container at the GOA site with weekly service (Area Disposal) at a cost of \$15.50 a month. It may not always be enough but should be sufficient most of the time. The other item is – and we took Ron Lee down to the site- we cleaned out the shed during inventory. We've put in pipe racks, some more shelving to organize it. When everything had been brought over from the old site years ago it was just all put in the shed. A lot of the "old" pipe is schedule 40 pipe; had been left outside and is badly sunburned and we will never use. Management is asking permission to get rid of it. If the Board approves, R Lee indicated he felt he could get someone in to haul it off. It was indicated there is some use; it could be used for a "chase line", a drain under a driveway but you wouldn't want to use it underground, under pressure. Chair Evans indicated he would entertain a motion to approve a trash service for the GOA site and to approve the disposal of outdated material by Management with M Brown so moving. F Ballinger seconded the motion and upon vote the motion was approved unanimously.

**Agenda Item #14 Notice of Proposed Settlement –
Gila River Adjudication of Water Rights**

Chair Evans opened the discussion indicating he had read the notice (provided in Board Packet) and asked what did it say? R Hrabina stated he would give a little background information, but that was as far as he would go. This adjudication has been ongoing for probably 20-years or longer. Basically what it boils down to, in my mind, is the Gila Indians want to claim the water rights for the area depicted by the map and if they succeed- any well in the area that produces more than 30-gallons per minute will have to have a meter on it and you will have to pay a fee for the water. We would be buying water, then selling it. This is what this adjudication is all about. The District filed a claim probably seven years ago to try to protect us. Management really doesn't want to make a recommendation and address this and do something wrong. It may be something the Board should consider giving to the attorney as a legal issue. All our wells produce over 30-gallons per minute. It's something that should be taken very serious. R Hrabina stated years ago the District had rights to CAP Water and the Water District at that time said they didn't want it because there was a fee that had to be paid up front and they didn't want to pay it. About five years later Mayer sold their "rights" for something like \$250,000.00. So they (previous BCCWID Board) made a wrong call. We sure don't want to make a wrong call here. F Ballinger indicated he was somewhat familiar with the case (through his employment) and agreed it should

**Agenda Item #14 Notice of Proposed Settlement –
Gila River Adjudication of Water Rights (con't)**

be taken as a serious issue. F Ballinger indicated he tried to read it and understand it and noted he never could tell if ground water was included. It was noted a copy of the court order was available at the AWDR's web site: www.azwater.gov. To file an objection to the proposed settlement it must be done on or before October 10, 2006. F Ballinger indicated they (his employer/CAP) had filed an objection, but noted he did not know if that was the right thing for the Water District to do. F Ballinger also indicated the notice indicated several public meetings for public information with Chair Evans suggesting the need to attend. Chair Evans indicated he felt it would be advisable to contact the attorney for advice. Chair Evans asked Floyd (Ballinger) if he felt he could discuss the matter with the attorney, noting some experience with the issue already. F Ballinger indicated it's been pretty heated, but I'm not in the legal part of where I work; I'm strictly water delivery. I'd hate to make a bad call. Chair Evans suggested the possibility of setting up a conference call with F Ballinger inquiring if the Water District had an attorney. It was noted the attorney for the Water District is Carlos Ronstadt at Snell and Wilmer with F Ballinger stating he felt it would be worth the "dime" to call and tell him the situation to get his opinion by way of a conference call. R Hrabina indicated it would be something the Board would have to approve, noting Management cannot contact the attorney. R Lee motioned to contact the attorney to investigate the matter. S Hrabina (Management) indicated she would give the Chair Mr. Ronstadt's the phone number and his e-mail address after the meeting. In discussion, the Chair indicated he and Floyd (Ballinger) would work together to contact the attorney. The motion was seconded by M Brown and upon vote was approved without opposition.

Agenda Item #15 Call to the Public - NONE

With no other business to come before the Board, the Chair extended his appreciation to the Public for their attendance and declared the meeting adjourned at 9:00 PM.

ATTESTED:

I, Ronald E. Lee, Sr. 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 7/26/2006

Amended: YES NO

Minutes of the Regular July 20, 2006 Board Meeting approved
by Board action on: _____ as herein transcribed