

Agenda Item #7 Operations Report (con't)

samples are below the requirement so we should stay on the reduced monitoring program. Arsenic samples were taken at three locations. The last time was in March and there was barely a detect; there is a slight increase, but still barely a detect and we have been on-line for almost a year now. R Hrabina noted he had met with Greg Gilles from AdEdge Technologies just last evening – he came in from Atlanta, Georgia to do a follow-up on the system. He indicated he is finding from other systems that have been in longer than ours that the media is lasting a lot longer than what had been anticipated. R VanDusen inquired how long the original estimate had been with Management stating it was a little over two years, 28 months. It was noted the testing is not required, but Management needs to know when the levels start going up so the Board can be made aware of it. Copies are also given to ADEQ. R Hrabina stated testing was also done for the Stage 2 Disinfectants. This is not on the report because the test results have not yet come back. This has to be monitored with new reporting requirements in 2008. We are required to do this because we chlorinate.

Well Stats are pretty much the same (from last report period); they (wells) have come up a few inches; draw down is less, but customers are using less; running time is also down. Water levels: Big John #1 -Water level at 20' 3"; Draw to 23'; Big John #2 - Water level at 20' 3"; Draw to 40' Running time 6 to 8 hrs a day. GOA #1 - Water level at 20'4"; Draw to 23' 6"; GOA #2 - Water level at 20'4"; Draw to 42'; Running time 7 to 8 hrs a day. Oasis #1 - Water level at 24'; Draw to 49'; Oasis #2 - Water level at 23'; Draw to 45'; Running time 5 to 6 hrs a day. Gallons pumped 8/13 to 9/12 - 7,869,000 gals.

It was reported the Big John replacement tank project was complete. The tank was installed on 9/13/2006 with R Hrabina noting Board member, Floyd Ballinger was on site.

Management also met with the senior account representative for PPG from Pittsburgh. They are the manufacturer of the chlorination system we purchased. He was in the area and called; looked at the system wanting to see how the systems are running, working. They don't seem to be the type of company that makes the sale and forgets about you. He liked the way the systems were set up & thought they were newly installed, noting how clean everything was, and was surprised to realize they have been on line since January.

Chair Evans called for a motion to accept the Operations Report and F Ballinger so moved. The motion was seconded by R VanDusen and upon vote was approved without opposition.

Agenda Item #8 Water Service Request for 19691 E Indian Hills Drive

R Hrabina opened the discussion asking the Board members to refer to the information provided in their Board packets. A map was included showing the property in question, on the EAST side of the freeway highlighted. We don't have a (main) water line even close to this property. The only way to get a water line there would be to bore the freeway, or cross the river which would involve the Corp of Engineers. Either way would be an enormous cost - \$100,000 or more. R Hrabina indicated he told the property owner he would bring the property owner's request to have a shared well up to the Board if the District could not supply water. Management's recommendation is to let them do a shared well for the property as it is not practical to run a water line to the property. R Hrabina stated he was not concerned in creating a "precedents" because there is no water (main line) there and the cost would be prohibitive to do so. Chair Evans inquired where the closest line is with R Hrabina pointing out the District line that crosses the freeway with a main line going down Reynolds Road on the south side of the river (Agua Fria River) with the property north of the river making it impractical to supply water to. Additional discussion followed including M Brown noting the customer's need for the Board's permission to have a shared well because the property is within the Water District boundaries with R Hrabina agreeing. Chair Evans stated it was a reasonable request; R VanDusen inquired of the property size with R Hrabina indicating he thought it was a five (5) acre parcel. M Brown, noted it would not be feasible to supply water and motioned to grant permission for the property (Tax Parcel 502-08-005) to provide water from the existing well as a shared-well with the portion of the property being split from it and being sold due to the property being isolated from any existing water lines and not practical for District water to be brought to the property. F Ballinger seconded the motion and upon vote the motion to approve the request for a shared-well for the property was passed without opposition.

Agenda Item #9 Capital Improvements – Valve Program; (New) Line Replacement Chapo Drive

R Hrabina opened the discussion noting the Board members had a new item sheet for a new line replacement on Chapo Drive. R Hrabina explained the District's four inch (4") line crosses a wash and with the heavy rains recently has eroded, is exposed and is bowing. Management has tried to re-enforce it as best as possible, but is a temporary fix. It will eventually need to be replaced – estimating materials to include 60-ft. to 80-ft. of pipe to cross the wash to cost approximately \$1,000.00 and backhoe/labor cost of \$1,925.00 by Management. A second option was discussed but would require obtaining an easement from another property owner with R Hrabina indicating he thought it would be more expensive. Since this is not considered an emergency, I can bring this back with cost estimates. R Lee inquired which would be the better choice for the future with R Hrabina indicating the second option, long term may be the better choice. R VanDusen inquired how many customers are serviced by the water line with R Hrabina estimating there are about a dozen customers. TABLED with no action taken

Next, R Hrabina stated the other capital improvement is the valve program, previously discussed. What I am asking for tonight are the two valves on K-Mine at Phyllis and Albins Street. Installing these two valves will reduce significantly the number of customers that we have to shut down when there is a problem, emergency repair. The other two – Bertha and K-Field, can be done at a later date. Additional discussion followed including R Hrabina explaining the plan would be to dig during the day and do the actual installation at night to lessen the inconvenience to the water customers. Chair Evans inquired about the cost, noting the cost projection for the (whole) valve program was \$7,600.00. R Hrabina indicated it was half of the project so would be half the cost, or \$3,800.00. It was also noted, however, blacktop is not expected to be needed, but if needed would be an additional material cost. Chair Evans inquired on the available cash in the capital funds account with S Hrabina (Management) indicating from the Financial Statement the balance (as of 8/31/06) was \$154,757.33. The Chair called for a motion and R VanDusen motioned to approve the capital expenditure to install main line valves on K-Mine at Phyllis and Albins Street as proposed. The motion was seconded by R Lee and upon vote was approved unanimously.

As an update to the Capital Improvement Projects, R Hrabina noted the approved School Tank Road Improvement Project previously awarded to BCC Contracting should be completed by the end of next month.

Agenda Item #10 Delinquent Fee Modification

S Hrabina opened the discussion stating when the new delinquent fee was approved one of the things not taken into consideration is when a customer comes in a few days after the due date and pays the (lesser) amount. An example was given of a customer who had the check made out, but didn't drop it off until after the 15th, leaving a balance due of 54-cents. S Hrabina stated she didn't think it was ever the intention to assess the \$15.00 penalty at the end of the month for someone with a balance of 54-cents. S Hrabina indicated she wanted to bring it to the Board's attention and to ask for a modification, recommending the Board approve the delinquent fee be charged only on a balance of \$20.00 or \$25.00. S Hrabina stated August was the first month for the newly enacted \$15.00 fee and as a courtesy mailed out "friendly reminder" letters to make customers aware with almost all customers very appreciative of the reminder. The notice is now included right on the bill. Additional discussion followed including the Chair noting a personal example and M Brown stating she did not have a problem with the concept, but suggested a lower amount of \$10 or \$15. Chair Evans indicated regardless of the amount he felt there will be people who will not pay in full to take advantage of the rule. S Hrabina explained she felt it needed to be at least \$15 citing another problem example of someone who got their recent bill which included an amount past due. A "reminder" letter was sent out to pay that amount before the 30th, but they didn't. Because our billing cycle is around the 25th, when they got the bill it did NOT include the \$15 penalty and they paid the amount on the bill in full, but they still owe \$15 because it was assessed after the bill was mailed, noting the confusion. Additional discussion followed including the Chair indicating he felt it could be abused and suggesting NOT to make the change and set the policy. Since the Board has the right to review on an individual basis, such as in the previous issue (Agenda Item #8 – relief upon application) – put it on the agenda for Board consideration. R VanDusen stated he sees the point, but asked about the example of a balance

Agenda Item #10 Delinquent Fee Modification (con't)

of just 54-cents. After additional discussion the Chair asked for Public comment with R Marley suggesting setting the fee be imposed on a balance over \$1.00 with the Chair concurring. R Lee moved to set the penalty on any amount of \$1.00 or more retroactively to August 1, 2006. The motion was seconded by M Brown and upon vote was approved unanimously. The Chair thanked Sarah (Hrabina/Management) for bringing the matter to the Board's attention, noting the District needs to use good business sense.

Agenda Item #11 Conservation Plan

NO discussion; this agenda item TABLED until next Board meeting

Agenda Item #12 Update Gila River Adjudication of Water Rights (from 7/20/06)

Chair Evans called upon Floyd (Ballinger) to give the up-date. F Ballinger stated he attended the Public Meeting held in Casa Grande on September 13th. It's complicated and, basically, we are trying to find out if the settlement is going to affect us or not. It was stated the notices have been sent out to anyone with a well, such as the District or private well owners with the records obtained from (Arizona) Water Resources of some 40,000 well owners – even if you are NOT impacted. At the meeting, basically, those impacted are those within the Gila River Valley – up towards Safford and even into New Mexico. If you are on "Ag"-water or "M & I"-water it means you are impacted. F Ballinger stated he printed out the "technical assessment" which was part of the legal document and is about 215 pages. At the meeting there were others that were not within the Gila River Community Area and, basically we were being told it doesn't impact us. Major impact would be the State of Arizona, Gila River Indian Community, Salt River Project, Casa Grande, Chandler, Scottsdale, Safford, Phoenix, Tempe, Florence; there is NOTHING in the Yavapai County area listed. We will still be under the 1980 groundwater code for groundwater from AWR (Arizona Water Resources). So there is NO IMPACT to us. The Chair thanks Floyd for his research and report.

Agenda Item #10 Call to the Public - NONE

With no other business to come before the Board, the meeting adjourned at 8:41 PM.

CERTIFICATION:

I, Sarah J. Hrabina, certify the Agenda for the September 21, 2006 Regular Board Meeting was posted for the public at the Post Office Bulletin Board, on Friday, September 15, 2006 at 4 PM.

Sarah J. Hrabina

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,

Ronald E. Lee, Sr.

Transcription of minutes completed by Sarah J. Hrabina on 9/29/2006
Amended: [] YES [] NO

Minutes of the Regular September 21, 2006 Board Meeting approved
by Board action on: _____ as herein transcribed