

**MINUTES FOR THE
BLACK CANYON CITY WATER IMPROVEMENT DISTRICT
OCTOBER 19, 2006 REGULAR BOARD MEETING**

Chair Jim Evans opened the meeting at 7:30 PM with the Chair indicating the FYI-Book was available for public inspection noting it included the financial report and letter to ADEQ for the TTHM and HAA% Disinfection Byproduct Report for the year. The customary reflection period was called by the Chair to be observed by the Board and Public.

Roll Call showed a quorum; all Board members present -

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

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

Public: Polly Ballinger, Bob Cothorn, Marlene Evans, Rodger Gibbons, Susan Groth, Joyce & Donald Kobold and Bob Marley all Owner/Users. Resident, but not an Owner/User – Cindy Brannen.

Agenda Item #4: Board Member Reports - None

Agenda Item #5 Approval Board Minutes

Chair Evans asked the Board if they had a chance to read the minutes with each indicating they had read them. The Chair called for a motion to accept the minutes with M Brown so moving. R VanDusen moved to second the motion and upon vote the minutes from the September 21, 2006 Regular Board Meeting were approved as written.

Agenda Item #6 Treasurer's Report (as of 9/30/2006)

Treasurer F Ballinger began the Financial Report reporting the beginning and ending balance in each account:

Account	Beginning	Ending
General Fund	\$239,938.16	\$238,419.56
Security Deposits	\$ 39,710.00	\$ 39,710.00
Capital Reserve	\$154,757.33	\$163,521.09
Arsenic Sinking Fund	\$ 44,173.60	\$ 47,676.56
Bank of the West	\$ 7,843.34	\$ 11,417.65

F Ballinger noted no change in the Set-aside Fund from last month.

September billing totaled \$30,323.55 with 832 active accounts. The gallonage for the month was reported at 5,951,100 as compared to 8,965,000 the previous month, a significant decrease. The Sept '05 comparison was 9,074,000 gallons. Total year-to-date (3months) was reported at 23,564,100 gallons. The Treasurer provided the cash management reports, indicated the financials included audit #480 through #7523 and QuickBook invoices #714 to #721 with the accounts receivable balancing in both at \$31,799.92. It was reported one impact fee was collected, at the new rate of \$2,500.00 and both the budget report and monthly general journal entries were attached for approval.

Chair Evans called for any questions from the Board - with no questions or comments, the Chair asked for any questions from the Public. R Marley indicated he wished to address the Board. With the November election fast approaching, charges of financial irregularities in the District are being circulated once again by some of the candidate's more zealous supporters. These irregularities are supposedly caused by "nepotism". Since two Board members sign all checks it seems Board members are being "charged" with colluding with the Management team to enrich some. It seems to me if the Board had financial misdeeds to hide, the Board would have appointed a friend to the crucial position of Treasurer, rather than select someone who campaigned against them in the last election. Floyd's (Ballinger) presence on the Board, his lack of any previous business or family relationship with the Board or Management, and no reports of problems in his Treasurer's reports should be reassuring Owner/Users like myself that financial shenanigans are not occurring. As an interested Owner/User I want to ask our Treasurer a series of questions before the Board accepts his report. The questions should allow us to determine whether this is a real problem or just election year innuendos circulated by people who show little concern for the damage to the reputations of others caused by their unfounded charges. R Marley indicated he felt Floyd (Ballinger) was the perfect choice for the appointment as Treasurer, noting being approve reproach. My questions are: 1) After five months in office, and this would be hard to believe . . . Are you involved in any effort to hide BCCWID financial misdeeds or self-dealing? Response by Treasurer Floyd Ballinger – No. 2) During the time you've served as the

Agenda Item #6 Treasurer's Report (con't)

replacement Treasurer, has anyone on the Board or any member of the Management team, ever denied you access to any financial data? Response – No. 3) Do you believe either the Management team or Board members are using District funds for personal gain? Response – NO. 4) Have you found any spending patterns that indicate friends of the Board or Management are being favored for purchasing supplies or services? Response – No. 5) Another thing going around is the (annual) audit the District has done is not “independent” and is in need of an “independent” audit right away. Do you believe an “independent audit” is needed by someone other than the District’s independent CPA who is neither a friend nor related to any of the Board members or Management? Before responding F Ballinger jokingly asked the Board & Management if related with all indicating no. B Marley asked if the Treasurer felt any additional audit was needed with F Ballinger responding no. 6) You always like to know where the “rumor mill” starts, so -other than the required monthly Treasurer’s reports, have you released any information to the public that shows financial problems at the District? Response - No. R Marley thanked Floyd and the Board for their time. R Marley noted his questions were not in any way intended to be a negative against Floyd (Ballinger) but to resurrect my (B Marley) reputation as well as the rest of the Board because of the rumors going around town. Chair Evans stated we’ll see this happen at this political time of year. The Chair stated he would encourage anyone on the Board or any other candidates that are running to handle it in a personal way without getting into derogatory remarks about one another. Chair Evans indicated he felt the Board has done that; has not impugned anybody that comes here to the meetings. I think we’ve treated everyone with respect and we need to keep doing that because things will work a whole lot better. Chair Evans called upon B Cothern who indicated he has not been a part to the “rumors” (did not use microphone and complete statement not audible). The Chair indicated there are always “rumors” adding the financial reports are public record and is why they are being included in the FYI-Book so people can see for themselves. Different Board members sign checks and it is based typically on who is available, but Floyd (Ballinger) sees ALL of them (with bank reconciliation). After that the CPA does an annual AUDIT, it is not a “review” – it is in accordance with government regulated CPA standards to protect the public.

With no additional discussion the Chair called for a motion to accept the Treasurer’s Report. M Brown motioned to accept the written Financial Report and the motion was seconded by R Lee and upon vote the Financial Report for the period ending 9/30/2006 was approved unanimously.

Agenda Item #7 Operations Report (as of 10/17/06)

R Hrabina presented an overview to the Board and Public: 21 Completed Work Orders, 18 Blue Stakes marked and “Pink Slips” for past due accounts were not yet processed as of the report date. There were no new services installed during the report period.

Water samples (for bacteria) for the month were negative with R Hrabina adding the sampling for the TTHM and HAA5 Disinfection Byproducts taken last month were received with all results well below the allowable limits. The report was filed with ADEQ as required.

Well Stats are much the same (from last report period) with just the running times less: 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 5 to 7 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 5 to 7 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.

Update on the mapping project, R Hrabina indicated areas #1 and #2 have been completed. A large map has not been made yet, but smaller maps in sections have been made to keep in truck for use. Large maps will be made up at Yavapai County at a later date.

Ending his report R Hrabina asked if there were any questions from the Board with R Lee asking if the well levels are holding steady and R Hrabina responding they have been about the same for several months with just the running time less right down. With no other questions, the Chair indicated he would entertain a motion to accept the Operations Report with M Brown so moving. F Ballinger seconded the motion and upon vote the Operations Report was approved without opposition.

Agenda Item #8 General Election November 7, 2006

Chair Evans yielded the floor to Sarah Hrabina (Management) to open the discussion with S Hrabina indicating she asked for this to be on the agenda because Management was made aware in the 2004 election there were two people that wanted to vote and were denied their rights. They lived in Phoenix and registered voters in Maricopa County, but were building a house, property owners within Water District, and they should have been allowed to vote for (only) Water District ballot but were denied by the poll workers. Management contacted the elections department when made aware of what happened, but it was a few weeks later and at that point nothing could be done. Management just wants to help avoid this from ever happening again. I talked with Lynn Constible, head of the Elections Department after talking to Jim (Chair Evans) about possibly having an "observer" at the polls. S Hrabina noted some years ago (1998?) Vicki Phillips (Water District employee) was on site although it may not have been the County overseeing the elections but a private outfit that was hired to oversee that election. Because of that, I assumed it was okay, but according to the Elections Department that is a violation and would not be possible. The only option would be if the observer was outside and abided by the 75-ft. rule. If anyone is "questionable" they should be allowed to vote a "provisional ballot" to be verified, not by the poll workers but by the Elections Department to determine whether it is or is not a vote that is valid. I asked Lynn if she or a representative of the elections department could come to the meeting to explain the uniqueness of voting in a water district and unfortunately there was no one available. This is just basically for information only.

The only other thing is Management has provided the Chair with an affidavit that needs to be sent to Yavapai County certifying the District has complied with all the requirements for advertising the election. Discussion followed regarding whether a motion to approve the affidavit was needed with Chair Evans indicating he didn't think it was necessary, but on motion by R Lee seconded by M Brown Chair Jim Evans was designated to sign the affidavit. Upon vote the motion approving the affidavit to be signed by Chair Evans was approved unanimously.

Agenda Item #9 Special Request for Relief – 19050 K-Mine; a/c#187

Chair Evans yielded the floor to Sarah Hrabina/Management to open the discussion noting with S Hrabina noting Mr. Jacobson was the only person who came in with concerns prior to the delinquent fee being approved at the Rate Hearing because his social security check comes the third of each month and he has no other available source of income. (Mr. Jacobson was NOT present at the meeting) R Lee inquired if he is behind with S Hrabina indicating the account currently has a past due amount. It was also noted the account fluctuates; sometimes current and other months a month behind with the customer indicating health problems and additional medical expenses were the reason for falling behind. Board discussion followed with most Board members being sympathetic but concerned that it would be an on-going, reoccurring problem. After discussion, the Chair called for a motion with no motion made. With lack of a motion from the Board the request no action was taken. S Hrabina noted she would provide the customer with contact information for the Salvation Army that helps people in need at times.

Agenda Item #10 Conservation/Water Supply Plan

Chair Evans yielded the floor to Randy Hrabina/Management to open the discussion with R Hrabina indicating the Board has been provided a draft copy of the System Water Plan, noting it is required to be adopted by ADEQ prior to the first of the year (2007). R Hrabina indicated if the Board chooses it can be approved tonight but there is time to review it more thoroughly if needed. Also provided was the ADAEQ checklist with R Hrabina stating he felt all information on the checklist was included in the draft. Chair Evans stated he felt it was a good document and M Brown indicated she had read it thoroughly. F Ballinger noted a correction needed to the heading on page (5). Owner/User Bob Marley asked the Chair if Management could recap the document since the public did not have a copy of it. Chair Evans stated the document consists of (1) a Water Supply Plan; (2) a Drought Preparedness Plan; and (3) a Water Conservation Plan.

Chair Evans indicated the two options are to either approve it today or next month. The Chair asked for any comments from the Public with B Marley asking if the State recommended the tiered rate (billing for water consumption) with Chair Evans indicating that was why we (the Board) enacted the tiered rate (at the June Rate Hearing/effective 8/1/06).

Agenda Item #10 Conservation/Water Supply Pan (con't)

On motion by R Lee seconded by M Brown the approval of the Water Supply Plan was tabled until the November meeting with Chair Evans instructing Management to put the document in the FYI-Book and make available for Public inspection. Call for the vote was unanimous to table final approval of the Water Supply Plan until November.

Agenda Item #11 Call to the Public - NONE

With no other business to come before the Board, the meeting adjourned at 8:26 PM.

CERTIFICATION:

I, Sarah J. Hrabina, certify the Agenda for the October 19, 2006 Regular Board Meeting was posted for the public at the Post Office Bulletin Board, on Monday, October 16, 2006 at 3 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 10/26/2006

Amended: [] YES [] NO

Minutes of the Regular October 19, 2006 Board Meeting approved
by Board action on: _____ as herein transcribed