

**MINUTES FOR THE
BLACK CANYON CITY WATER IMPROVEMENT DISTRICT
MARCH 15, 2007 REGULAR BOARD MEETING**

Chair Robert Marley opened the meeting at 7:30 PM welcoming the Public and explaining the meeting is primarily a Board meeting with most of the discussion being between Board members and Management. A public call, open mike, will be at the end of the meeting.

The Chair called for the customary reflection period to be observed by the Board and Public.

Roll Call showed a quorum present with all Board members present:

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

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

Public: Polly Ballinger, Marlene Evans, Chuck King, Joyce & Donald Kobold, and Susan Marley, all Owner/Users. Also in attendance Cindy Brannan, David and Debbie Koch, Diane and Terry Miller; Media: Mark Lewis and Diana Baker/ Big Bug News.

Agenda Item #4: Board Member Reports - None

Agenda Item #5 Approval Board Minutes

Chair Marley asked if the Board members had had an opportunity to read the minutes with M Brown indicating she had and they were accurate for both the regular Board meeting of February 15th and the special meeting of March 1st (2007). The Chair asked to address them separately with M Brown moving to accept the minutes as written for the February 15, 2007 regular Board meeting. The motion was seconded by J Evans and upon vote passed unanimously. M Brown motioned to accept the minutes as written for the March 1, 2007 special Board meeting and the motion was seconded by F Ballinger. Upon vote the minutes of the March 1, 2007 special Board meeting also passed unanimously.

Agenda Item #6 Treasurer's Report (as of 2/28/2007)

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

Account	Beginning	Ending
General Fund	\$263,788.24	\$263,544.42
Security Deposits	\$39,710.00	\$39,710.00
Capital Reserve	\$46,348.04	\$160,293.38
Arsenic Sinking Fund	\$61,585.60	\$65,219.18
Bank of the West	\$22,057.31	\$8,481.75

F Ballinger also noted no change in the Set-aside Funds from the last report.

February billing, with 834 active accounts) totaled \$26,247.52 less the 2006 rebates in the amount of \$3,234.00 credited to the (151) qualifying customers as approved by the Board. The gallonage for the month was reported at 4,494,200 as compared to 5,782,800 the previous month. The Feb '06 comparison was 4,834,000 gallons. Total year-to-date (8months) was reported at 52,084,000 gallons.

The cash management reports showed total receipts for the month of \$31,483.49 and total disbursements of \$27,640.74. The Treasurer indicated the financials included audit #7763 through #7800 and QuickBook invoices #780 to #784 with the accounts receivable balancing in both at \$22,908.75. No impact fees were collected during February. The Treasurer indicated both the budget report and monthly general journal entries were attached for approval. The data was respectfully submitted by Sarah Hrabina/Management and approved by Treasurer, Floyd Ballinger for final Board approval.

Chair Marley thanked the Treasurer for the report and called for a motion with J Evans moving to accept the Financial Report. R Lee seconded the motion and upon vote the Financial Report for the period ending 2/28/07 was approved without opposition.

Agenda Item #7 Operations Report (as of 3/13/07)

R Hrabina presented an overview to the Board and Public: 9 Completed Work Orders, 9 Blue Stakes marked and 20 "Pink Slips" for past due accounts were processed. Water samples, for bacteria, for the month were negative.

Well Stats – R Hrabina noted no change in levels from the last report:

Water levels:	LAST MONTH	THIS MONTH
Big John #1	22'; Draw to 26';	22'; Draw to 26'
Big John #2	22'; Draw to 44';	22'; Draw to 44'
Running time 4 ½ -6 hrs a day		
GOA #1	21'; Draw to 24';	21' Draw to 24'
GOA #2	23'; Draw to 24'	23' Draw to 40'
Running time 5 ½ - 7 hrs a day		
Oasis #1	30'; Draw to 52'	30'; Draw to 52'
Oasis #2	27'; Draw to 44'	27'' Draw to 44'
Running time 3 ½ -4 ½ hrs a day		

Total gallons pumped from the period 2/13/07 thru 3/12/07 was 5,735,000 gallons.

R Hrabina noted there was a separate agenda item for the water line replacement project. He also indicated the report may be deceiving and look "slow", but it was anything but a slow month. Ending the report Management asked for any questions from the Board.

Chair Marley inquired of the well levels with R Hrabina stating they have been stable with only a slight drop a few months ago. R Marley also indicated the anomaly with the gallons pumped being greater than the gallons billed. R Hrabina indicated the periods are not exact to the billing period and meter readings. Water levels in the (storage) tanks could also be a factor. A leak on K-Mine was also noted - that will be one of the lines being replaced with the construction project. The Chair asked for any questions on the Operations Report or a motion to accept with R Lee so moving. The motion to accept the Operations Report was seconded by M Brown and upon vote passed with no opposition.

Agenda Item #8 Digital Sound System for Recording Minutes & Approval of Cost

Chair Marley opened the discussion indicating the Board has used tape recording for minutes which has been less than satisfactory. The Chair stated he developed a digital system which includes the new mike and new power used with someone's (laptop) computer to make the digital recording of the meetings. Background noises can be eliminated making a much clearer recording. The cost for the items purchased totaled \$135.85. The Chair called for any questions from the Board or a motion with M Brown moving to approve the digital sound system and reimbursing the Chair in the amount of \$135.85. J Evans seconded the motion and upon vote the digital sound system was approved unanimously.

Agenda Item #9 Update on Capital Improvement Project – Line Replacements

R Hrabina/Management opened the discussion providing details on the work, two weeks into the project. The first phase, Albins Street in nearly complete with just the slurry to be done, scheduled for Monday (3/19/07) and finding where an old 2-inch line and a 3/4-inch line are connected in order to abandon. Work is now under way on Phyllis Street. All the tie-ins to existing mains are done and "valved" off so there should be no other major disruption of service. The largest one (shut-down) was the other night (3/13/07 – 8:00 PM to 12:30 AM) with R Hrabina indicating they determined it would be less of an inconvenience, particularly to business customers to do the work at that time. Other than a little frustration on Albins Street with the way the lines were run the project is going well, moving along with R Hrabina indicating he feels confident the project will be completed by the May 1st deadline.

R Hrabina reported one complaint received as a message unanimously regarding an open ditch with concerns of safety for children. It was noted it is necessary to dig in preparation of work. The complaint indicated the ditch was 5-feet deep with R Hrabina indicating there are no ditches 5-feet deep and the work areas are barricaded and "taped" (caution tape) off.

Notices were sent out and posted. Anyone wanting daily information can call the office for details. Notices were also posted and hand-delivered for the shut-down the other night as well as customers called with many people expressing their appreciation for the notice. We anticipated it would have taken longer, but it went better than expected.

We are doing "as-built" drawings and some of the areas we are taking pictures. Chair Marley indicated he took some photos as well and planned to take more. R Hrabina also indicated the project is being inspected daily by both Management and the County Inspector.

No Board action required on the update (informational only).

Agenda Item #10 2007-2008 Budget Committee Selection

Chair Marley opened the discussion indicating a committee is formed every year comprised of a couple of Board members, Management and a few volunteers from the Public.

Typically a couple of meetings are needed to prepare the fiscal budget taking approximately an hour or so. The Chair indicated he would be involved and asked for the Treasurer to participate with F Ballinger indicating he would. The Chair asked for volunteers from the Public, however, no one volunteered. It was noted Tony Chavez had served on the committee previously and the Chair indicated he would contact him. Ralph VanDusen and John O'Daniel, both previous Board members, were suggested as potential volunteers. It was indicated the meeting should begin in April with a report from the committee for the April Board meeting.

Agenda Item #11 Review/Updating Board Policies and Procedures Manual

Chair Marley opened the discussion indicating Management had provided extra copies for Board review and suggested tabling the matter until the April meeting.

THE MATTER WAS TABLED WITH NO BOARD ACTION TAKEN AT THIS TIME

Agenda Item #12 Retention/Disposal of Paper Records

Chair Marley deferred the opening discussion to Sarah (Hrabina/Management) with S Hrabina stating Management keeps the District records and storage space is becoming a problem. S Hrabina indicated certain records, such as minutes and agenda must be kept forever; however, some records such as paid invoices and customer receipts are only required to be kept for three (3) years according to the CPA. Management would like permission to dispose of, by shredding, those records (paid invoices and customer receipts) that are older than three years. Management would like this to be added and included in the Bookkeeping Policy and Procedures with the shredding and disposition being done annually with each fiscal year.

S Hrabina also stated Management had discussed with the Chair consideration for "paperless" documents for minutes, agendas and operations reports with these documents kept and available electronically. We do have backups and the extra computer so I believe, both Bob (Marley) and I agree the records would be just as safe as the paper files.

The Chair asked for Board comments with J Evans inquiring about the long-term records noting his concern would be files kept on electronic media - in five or ten years from now, no one will have the programs to open the old files. How do we address that? As example, J Evans indicated a few years ago people had 5 1/2" floppies with R Marley agreeing anyone with those are in big trouble. J Evans also inquired of the legality of keeping the records electronically with Chair Marley indicating he felt it was legal to do so from his readings of the Arizona revised statutes. It is, however, a point well taken and requires the person who is managing the records to keep them up-to-date, noting personal records he has from as far back as 1986 that he is still able to retrieve because I go back and "pull them forward". Electronic records, like paper records, are only as good as the people who keep them. It was noted that both electronic and paper records of the District were lost or destroyed a number of years ago.

The Chair stated the primary concern is the disposing of the records that are not required to be kept for more than three years with S Hrabina (Management) adding just paid invoices and customer receipts. J Evans motioned to make it a standard procedure to be included with the Bookkeeping Policy and Procedures to dispose of these records after three years. The motion was seconded by Treasurer, F Ballinger and upon vote passed without opposition.

It was noted additional discussion regarding the "paperless" files could be included with next month with the updating of the policies and procedures manual.

Agenda Item #13 Special Request to remove past due charges -Terry Miller

Chair Marley opened the discussion indicating he had spoken with Mr. Miller several times and he was in attendance. The Chair had asked Mr. Miller to give a presentation, noting last month Mr. Miller had not been in attendance when the matter was discussed. The Chair yielded the floor to Mr. Miller who provided each of the Board members with the letter he originally sent (dated 1/23/07) to the District and indicated all he wanted was a just resolution of the issue of the past due and penalty charges on a property purchased by Mr. Terry Miller at a County Trustee's Sale. Mr. Miller stated many people are not familiar with the laws regarding a trustee sale or foreclosure property sale. Based on the Arizona Revised Statutes, Mr. Miller indicated he had demonstrated why he should not have to pay the fees owed by the previous owner, Mr. Noriega. The District has options, but having the buyer of

Agenda Item #13 Special Request to remove past due charges (con't)

the property is not one of the options available. Mr. Miller stated one recourse was through the State if a property is purchased with an "over bid" of the amount owing to the bank. R. Lee inquired if there was an over bid in this case and Mr. Miller indicated it was one dollar over the amount owed the bank. Another option available would be for the District to bid on the property, although this was viewed as an unlikely manner to protect the District's interest. The amount of \$244.29 was paid through Mr. King, the current owner, with Mr. Miller reimbursing Mr. King. Additional discussion followed including Chair Marley indicating he, too, wanted a just resolution to the matter, noting in particular the District had no knowledge of the pending trustee sale and the responsibility of a buyer to do their due diligence before purchasing a property. Mr. King stated buying property and going through a title company gives him clear title and objected to the District passing the fees on to a new owner. S Hrabina (Management) recapped the standard policy followed by the District, indicating as a general rule title companies contact the District in regards to any amounts owing for assessments or services. It was noted the District adopted just this past August a certification fee for such service with the fee being paid through escrow. If there is anything owed on the property the amount owing is also paid through escrow. In this particularly case, the purchase by Mr. Miller through the trustee sale did not go through the normal escrow/title process. Mr. King indicated it did not come up during his escrow with S Hrabina noting she had spoken with his title company about the procedure but they failed to follow through with a request. As a final point, S Hrabina noted the two different applications for service – the first one is transferring an active account, in good standing with the fees being \$125.00 (residential). The other is for a new service with the amount due upon application \$3,250.00. The District gives a new owner the option of bringing a property account as active and in good standing thereby avoiding the higher fees. Mr. King indicated he looked at that as a form of a threat. Additional discussion followed regarding the fairness, payment requirements and what might or might not happen if the case went to small claims court, and the [un]enforceability of our ordinances was presented by both sides. Chair Marley indicated the possibility of Mr. Miller winning in small claims court with the return of the \$244.00 but then owing the \$3,250.00. A member of the audience suggested splitting the late fees out and reaching a compromise but Mr. Miller indicated that was unacceptable to him as a matter of principal. To resolve the matter the Chair called for the Board to vote solely on whether the District should refund Mr. Miller's past due account payment made after acquiring the property through a trustee sale. J Evans moved to approve the refund in the amount of \$244.49 and the motion was seconded by R Lee. Upon vote, the motion was passed unanimously. Because of the uniqueness of Mr. Miller's situation, no precedent for failing to comply with the District ordinances, specifically regarding collections, appeared to have been set.

Agenda Item #14 Call to the Public - None

With no other business to come before the Board, the meeting adjourned at 8:45 PM with the Chair thanking all in attendance for coming.

CERTIFICATION:

I, Sarah J. Hrabina, certify the Agenda for the March 15, 2007 Regular Board Meeting was posted for the public at the Post Office Bulletin Board, on Friday, March 9, 2007 at 4 PM and revised and posted Monday, March 12, 2007 at 12:30 PM.

Sarah J. Hrabina
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.
Ronald E. Lee, Sr.

Transcription of minutes completed by Sarah J. Hrabina on 3/23/2007
Amended: YES NO

Minutes of the Regular March 15, 2007 Board Meeting approved
by Board action on: _____ as herein transcribed