

**MINUTES FOR THE
BLACK CANYON CITY WATER IMPROVEMENT DISTRICT
MAY 24, 2007 REGULAR BOARD MEETING**

Vice Chair Jim Evans opened the meeting at 7:30 PM with the absence of Chair R Marley who was on vacation. R Marley had provided the new electronic recording equipment but with technical difficulties, recording was not possible. Minutes are from the written notes taken by Sarah Hrabina, Management.

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

Roll Call showed a quorum present with the following Board members present:

Jim Evans, Vice Chair Ron Lee, Secretary

Floyd Ballinger, Treasurer and Mary Brown, Member-at-large

Absent: Bob Marley, Chair

Also in attendance

Management: Randall Hrabina and Sarah Hrabina

Public: Cindy Brannan and Larry Miskol

Media: None

Agenda Item #4: Board Member Reports - None

FYI-Book - The Vice Chair indicated the FYI-Book for the month included: (1) Financial Report by Treas., Floyd Ballinger –As of 4/30/0; (2) April Meeting Summary; (3) Notices for the Change of date for May Board meeting; (4) Budget & Rate Hearing notices; (5) Copy of Arizona Republic newspaper conservation articles; (6) Copy of article Paradise Valley rate increase for arsenic cost recovery; and, (7) ADWR-1st annual water use report for 2006.

Agenda Item #5 Approval Board Minutes – March and April

F Ballinger moved to approve the minutes for the March 15, 2007 Board meeting with M Brown seconding the motion. M Brown moved to approve the April 19th meeting with R Lee seconding the motion. Upon vote both motions approving the minutes for both the March 15, 2007 and April 19, 2007 Board meetings were approved unanimously.

Agenda Item #6 Treasurer's Report (as of 4/30/2007)

Treasurer Floyd Ballinger presented the Financial Report for the period ending 4/30/2007 with the beginning and ending balance for each account provided:

Account	Beginning	Ending
General Fund	\$170,883.91	\$157,309.86
Security Deposits	\$ 39,710.00	\$ 40,040.00
Capital Reserve	\$168,957.78	\$ 80,352.53
Arsenic Sinking Fund	\$ 68,745.48	\$ 69,029.86
Bank of the West	\$ 9,690.98	\$ 38,342.54

F Ballinger reported the District had received from Yavapai County an additional \$1,594.89 from the Set-Aside Funds that had been written off in 2003. The original amount had been \$12,841.64 and with the amount recovered this period (and previously) the balance outstanding is \$6,991.03.

April billing totaled \$29,556.10 with 834 active accounts. The gallonage for the month was reported at 5,791,000 as compared to 5,043,000 the previous month. The April '06 comparison was 4,703,000 gallons; and total year-to-date (10 months) was reported at 62,918,000 gallons.

The cash management reports show total receipts for the month of \$31,919.81 and total disbursements of \$127,206.05 which includes capital expenditures to DCI Contractor and materials for the line replacement project. The financials include audit #7851 through #7880 and QuickBooks invoices #792 to #795 with the accounts receivable balancing in both at \$26,362.26. No impact fees were collected during April and both the budget report and monthly general journal entries were included with the report for approval. The data was respectfully submitted by Sarah Hrabina/Management, approved by the Treasurer, Floyd Ballinger for final Board approval.

Vice Chair Evans indicated he would entertain a motion to accept the Financial Report with M Brown so moving. R Lee seconded the motion and upon vote the Financial Report for the period ending 4/30/2007 were approved without opposition.

Agenda Item #7 Operations Report (as of 5/16/07)

R Hrabina presented an overview to the Board and Public: 22 Completed Work Orders, 8 Blue Stakes marked and 21 "Pink Slips" for past due accounts were processed. Water samples, for bacteria, for the month were negative.

Well Stats – R Hrabina stated there was only a minimal change in the wells from the last report. Statistics for the past two (2) months:

Water levels:	LAST MONTH	THIS MONTH
Big John #1	25'; Draw to 28'	25'; Draw to 28'
Big John #2	25'; Draw to 48'	25'; Draw to 50'
Running time 4 - 6 hrs a day		Running time 8-10 hrs/day
GOA #1	24'; Draw to 27'	24'; Draw to 27'
GOA #2	25'; Draw to 40'	25'; Draw to 45'
Running time 7 1/2 - 12 hrs a day		Running time 8 to 10 hrs/day
Oasis #1	35'; Draw to 73'	37'; Draw to 58'
Oasis #2	35'; Draw to 450'	37'; Draw to 48'
Running time 3 - 4 hrs a day		Running time 3 1/2 - 4 1/2 hrs/day

There was a HUGE increase in gallons pumped - Total gallons pumped from the period 4/13/07 thru 5/14/07 were 8,117,000 gallons compared to just 6,925,000 gallons the previous period. It was also noted the water bills were just processed and the total gallon billed was 8,099,000 gallons. R Hrabina also stated with the rise in temperatures we have hit an all time high with a single day period pumping 344,000 gallons. We don't usually hit these kinds of numbers until July or August and stressed the need for the Public to conserve water.

R Hrabina also noted Management had prepared the AZ Water Resources Water Provider Water Use Report for 2006. This is a new reporting requirement due by June 1, 2007. The report showed the District withdrew 266 acre feet of water and delivered 247.37 acre feet to its customer base. The difference would be for the combination of un-metered water used for fire suppression, slow meters, flushing lines and/or leaks. R Hrabina reported there is a leak right now, scheduled for repair on Friday morning on Old Black Canyon Hwy in front of the Big John well site.

M Brown moved to accept the Operations Report with R Lee seconding the motion. Upon vote the Operations Report was accepted without opposition and Vice Chair Evans thanked Randy (Hrabina/Management) for the report.

Agenda Item #8 Special Request – L Miskol request for shared wells Lisa Dr lots

V Chair Evans called upon Larry Miskol who introduced himself and gave a summary of his request for Board approval to have a shared well for the property he owns at the end of Lisa Drive. Mr. Miskol explained the last parcel on Lisa he purchased and divided in two. He built his home on another parcel in 1998 and tried to get a water connection at that time from the District. I even wrote out the checks but they were returned to me by Vicki Phillips, the office manager at that time. I then purchased another property and drilled a well and ran water almost a mile of water lines to my property/house. The District's main is about 940' away from my parcel "B" with another 540' to parcel "A". The water line is only a 2" with Mr. Miskol indicating that was perhaps the reason he had been denied a water connection back in 1998. Mr. Miskol indicated in order for him to sell his property he needed to know about the water for marketing purposes.

R Hrabina indicated he had gone to the property with Chair Bob Marley to assess the situation. Under the ordinance, Mr. Miskol would be classified a "developer" and as such, would be responsible to pay the cost to extend the line, noting although the existing line is just a 2" line the extension would have to be at least a 4' line. Due to the terrain, boosters would be needed for these lots and R Hrabina indicated additional boosters could create a severe problem by sucking the water out of the line causing problems for other customers on the line. If that were to happen the District would be compelled to replace the 2" line at a huge cost. It was also noted there is not much more to be developed off that line and in the best interest of the District felt it would be better not to require him to comply. This line will eventually have to be replaced, but it can go for years. J Evans inquired of the water source of the private wells with R Hrabina

indicating the private wells would not be drawing from the same water source as the District wells. J Evans also inquired if the District had any liability regarding the private wells with F Ballinger noting there are other private wells within the District and the liability of the private wells are on the owners, not the District. After due consideration, J Evans indicated he felt it would be in the best interest of the District to permit the shared wells for these lots and M Brown noted her concern would be for the high cost to improve the 2' main line if the property owner connected and the boosters created a problem for the District. R Hrabina confirmed the water line on Lisa is a 2' galvanized line and very shallow, even exposed at some locations. It connects from a 4' line on Maren, noting that line is ductal iron encased in concrete. J Evans cautioned Mr. Miskol of his liabilities regarding having a shared well with issues such as arsenic and bacteria from storage tanks. Vice Chair Evans indicated he would entertain a motion with M Brown moving to approve the request to have shared wells for the properties of Mr. Miskol. F Ballinger seconded the motion and upon vote the request to approve the shared wells was approved unanimously.

Agenda Item #9 Capital Improvement Projects Review and/or Approval

Vice Chair Evans called upon Randy Hrabina/Management to open the discussion on the needed capital improvements for the District. R Hrabina provided the Board members with updates to insert into their binder with R Hrabina noting the first one is an update on the valve program. The first one is complete; it was done with the recent line replacement project. In addition to the Bertha and K-Field/W Phyllis Street valves the new valves recommended are for: Nasty Basin Trail, Thompson Road, Ironwood Road, Palo Verde Lane and Wagon Wheel Circle. Each valve installation would be at a cost of \$1,900.00 each although R Hrabina indicated he was not asking for any funds be appropriated at this time.

What is of concern now is the 4" Main Line Replacement Project for Topaz. This is the line we discussed previously that crosses a large wash and is eroding. The new plan is to abandon the existing line crossing the wash and run the line up the driveway of the property owner (Bill Forsman). I've discussed the plan and he approves of the plan and will give the District whatever easements it needs. It will require approximately 504 ft. of 4" C-900 pipe. Mr. Forsman will agree provided the driveway is slurred to prevent his driveway from erosion. This would require about 150 ft. of slurry concrete. In addition, the District would also have to relocate his service line and install a new meter. A culvert would also be needed. R Hrabina indicated he estimates the project at \$39,000.00. Additional discussion followed regarding the "nightmare" if the existing line were to break with R Hrabina indicating a building was built overtop of the line at one place years ago. It's a disaster waiting to happen. R Hrabina stated he discussed the project with Mitch/Dolina Construction and the estimate is most likely a little on the high side. Mitch looked at the job and he indicated he feels it could be done for \$32,000.00. R Hrabina stated the need to do this project quickly and if it were to go out for bids would want a special meeting and not wait until the June 21st meeting. Additional discussion followed regarding the last project with the District only receiving two bids with one that did not qualify. That one was for a whole lot more money and we only got one qualified bid. Chances are you would only get one bid again. R Lee indicated Dolina did a super good job on the last project. J Evans indicated the estimates Management supplies are usually very good and called for Board discussion. M Brown moved to approve the project with DCI providing a contract for the work, providing it was for \$32,000.00 or less with two Board members to approve the contract. F Ballinger and R Lee volunteered to review the contract. F Ballinger seconded the motion and upon vote the capital project to replace the 4" main line for Topaz provided the contract price is \$32,000.00 or less passed without opposition.

Agenda Item #10 Review and/or Approval Updated Board Policies and Procedures Manual

Vice Chair Evans opened the discussion indicating the policies and procedures previously discussed were now color-coded for better review. S Hrabina indicated suggestion by her and Management were in "blue", and Bob Marley's suggestions were in "red". The Vice Chair inquired if all Board members had taken the opportunity to review with all members indicating they had. J Evans inquired specifically about a foreclosure policy with S Hrabina (Management) indicating she felt it would be in the best interest of the District to wait until the Board had ample time to update the ordinance, noting to put something in the policy and procedures that did not correspond to the ordinance would not solve the problem. After due consideration, it was agreed not to address this issue in the policy and procedure manual at this time. With no other

discussion M Brown moved to accept the revised Policy and Procedure Manual as presented and combining the four documents into one complete manual. R Lee seconded the motion and upon vote the revised Policy and Procedure Manual was approved unanimously.

Agenda Item #11 Public Call

Larry Miskol extended a thank-you to the Board.

With no other business to come before the Board the meeting adjourned at 8:40 PM.

CERTIFICATION:

I, Sarah J. Hrabina, certify that the Agenda for the May 24, 2007 Regular Board Meeting was publicly posted at the Black Canyon City Post Office Bulletin Board, on Friday, May 18, 2007 at 11:30 AM.

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.

Transcription of minutes completed by Sarah J. Hrabina on 5/25/2007
Amended: YES NO

Minutes of the Regular May 24, 2007 Board Meeting approved as herein transcribed by Board action on: _____