

**MINUTES FOR THE
BLACK CANYON CITY WATER IMPROVEMENT DISTRICT
JUNE 21, 2007 REGULAR BOARD MEETING**

Chair Robert Marley 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 present with the following Board members present:

Robert Marley, Chair Jim Evans, Vice Chair

Ron Lee, Secretary Floyd Ballinger, Treasurer

Absent: Mary Brown, Member-at-large (husband hospitalized)

Also in attendance

Management: Randall Hrabina and Sarah Hrabina

Owner/Users: Polly Ballinger, Bob Cothorn, Marlene Evans, Sue Marley

Public: Cindy Brannan

Media: None

Agenda Item #4: Board Member Reports - None

Agenda Item #5 Approval Board Minutes – May 24, 2007

Chair Marley inquired if the Board members had read the minutes and called for a motion. F Ballinger moved to accept the minutes as written with J Evans seconding the motion. Upon vote the motion to accept the minutes from the May 24, 2007 Board meeting were approved with R Marley abstaining noting he was not present at the meeting.

Agenda Item #6 Treasurer's Report (as of 5/31/2007)

Treasurer Floyd Ballinger presented the Financial Report for the period ending 5/31/2007 with the beginning and ending balance for each account provided:

Account	Beginning	Ending
General Fund	\$157,309.86	\$152,746.55
Security Deposits	\$40,040.00	\$40,040.00
Capital Reserve	\$80,352.53	\$89,215.10
Arsenic Sinking Fund	\$69,029.86	\$69,339.92
Bank of the West	\$38,342.54	\$7,538.62

F Ballinger reported there was no change in the Set-aside Funds from the last report.

May billing totaled \$35,995.85 with 834 active accounts. The gallonage for the month was reported at 8,062,000 as compared to 5,791,000 the previous month. The May '06 comparison was 8,546,000 gallons; and total year-to-date (11 months) was reported at 70,980,000 gallons.

The cash management reports show total receipts for the month of \$34,628.47 and total disbursements of \$39,496.13, which included the final 10% capital expenditure paid to DCI Contractor in the amount of \$15,970.00. The financials include audit #7881 through #7927 and QuickBooks invoices #796 to #804 with the accounts receivable balancing in both at \$30,496.13. No impact fees were collected during May and both the budget report and monthly general journal entries were included with the report for approval. The data was respectfully submitted by Management, Sarah Hrabina, and approved by the Treasurer, Floyd Ballinger, for final Board approval.

Chair Marley indicated he would entertain a motion to accept the Financial Report with R Lee so moving. J Evans seconded the motion and upon vote the Financial Report for the period ending 5/31/2007 was approved without opposition.

Agenda Item #7 Operations Report (as of 6/16/07)

R Hrabina presented an overview to the Board and Public: 17 Completed Work Orders, 10 Blue Stakes marked and 26 "Pink Slips" for past due accounts were processed. Water samples, for bacteria, for the month were negative.

Well Stats – R Hrabina stated there was no change in the well depths from the last report, noting only a change in the running time.

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 50';	25'; Draw to 50'
Running time 8 – 10 hrs/day		Running time 8-10 ½ hrs/day
GOA #1	24'; Draw to 27';	24'; Draw to 27'
GOA #2	25'; Draw to 45'	25'; Draw to 45'
Running time 8 - 10 hrs/day		Running time 7 ½ to 11 ½ hrs/day
Oasis #1	37'; Draw to 58'	37'; Draw to 58'
Oasis #2	37'; Draw to 48'	37'; Draw to 48'
Running time 3 ½ - 4 ½ hrs/day		Running time 5 - 6 hrs/day

Total gallons pumped from the period 5/13/07 thru 6/15/07 were 9,850,000 gallons, noting this is a daily average for this period of 328,300 gallons. People are using a lot of water right now. If this usage keeps up and the drought continues Management indicated it might suggest the Board send out letters to ask the public to conserve water. Chair Marley indicated he felt it is dryer this year than last, noting as an indicator the dryness of the streambed behind his house and the condition worse than last year.

R Hrabina reported the quarterly MRDL Report, that's Maximum Residual Disinfection Level, was submitted to ADEQ. This report is required by water facilities using chlorination.

R Hrabina reported Management met with the gas company regarding the proposed new 36-inch gas trunk line to be installed through Black Canyon City. Our 6-inch water main along the freeway at Oasis Drive and Phyllis Street will be affected and will need to be re-located. It was stated the line is approximately 860-feet and Management recommended it be re-located along Phyllis Street, assuming the gas company would pay the cost, estimated at \$65,000 plus obtaining the easement from the property owner.

Management reported receipt of a letter from ADWR (AZ Dept. of Water Resources) confirming the Water Use Report for 2006 submitted met with their objectives. A copy of the letter was provided to the Board members. The next report will not be due until 2012. R Marley inquired of the guidelines mentioned in the letter with S Hrabina indicating there was a second page and a copy of the guidelines would be provided to the Chair.

R Hrabina indicated although not on the written report, he felt it was fair to bring up an issue regarding a potential shared well for a property that is in the process of being deeded over to the Community Association by Phil and Jeanne Albins. He stated Bob Cothorn (Community Assoc. President) was present and he was unsure if Bob was aware of the shared well use between the property being deeded over and the residential property owned and being retained by the Albins. Management will be sending a letter to the Community Association to be certain they are aware of the wells and how they are currently servicing the properties. Mr. Cothorn indicated he was aware of it and that it was going to be taken care of.

J Evans moved to accept the Operations Report with R Lee seconding the motion. Upon vote the Operations Report was accepted without opposition.

A recess was announced at 7:45 PM due to the advertising for the Rate Hearing to begin at 8:15 PM.

Agenda Item #8 8:15 PM Public Rate Hearing

Chair Marley opened the Public Rate Hearing at 8:15 PM. Chair Marley pointed out in the past the Water District has been committed to a "pay-as-you-go" philosophy; we don't use, rather we have chosen not to use taxation and have chosen not to use bond issues and we will attempt to continue the pay-as-you-go plan. The Chair called upon Sarah (Hrabina/Management) to give a brief presentation on the recommendation made by the Budget Committee to the Board. S Hrabina stated the Budget Committee expected the Operation & Maintenance portion of the 2007-08 fiscal year budget to be similar to the past one. It was noted costs have been contained over the past number of years and the amount of funds projected should cover the anticipated expenses. However, the Committee observed capital expenses continue to be much higher than expected. A recent example was Yavapai County announcing and completing their street resurfacing project for Albins, Phyllis, David and Church Streets. The water lines under those streets were quite old and not at the appropriate depth to meet County code. It was, therefore, in the best interest of the Water District to replace the lines. The project was outside BCCWID control and cost the District about \$160,000. The Committee reviewed projections for future

County paving projects and felt an increase of \$5.00 (per customer/per month) was needed for the capital improvements portion of the budget, not operation and maintenance. The additional income will net approximately \$50,000 for the year.

Chair Marley asked Floyd (Ballinger/Treasurer) for his observations of the budget committee with F Ballinger stating he was impressed with the community involvement and how well everyone worked together, urging the continuation of the public's involvement. Chair Marley added, as he recalled, the options the committee considered were (1) the \$5.00 increase; (2) no increase at all; and (3) a \$10.00 increase with the recommendation of the committee for a \$5.00 increase (per customer/per month).

The Chair called for other Board comments with R Lee stating over the years while he served on the Board we have had both increases and decreases and at this time felt the \$5.00 increase was needed because of the recent capital improvements. The Chair called on Jim (Evans/Vice Chair) for his comments with J Evans indicating the need to build up a surplus (cash reserves) so we can handle these (capital improvement) projects. The County has given us a 5-year plan, although that is subject to their available funding. R Hrabina noted the County plan calls for the next road project in two years for Cholla and Roadrunner and the following year Reynolds Road. The Chair called for any final Board comments with F Ballinger stating he felt the \$5.00 increase was a pretty minimal increase if you read the paper and see what some of the neighboring communities are experiencing. Chair Marley noted Sarah (Hrabina/Management) had provided some data on a rate study supplied to Management by ASUA (AZ Small Utilities Assoc.) and it shows our rates are in the median range, unlike the horror stories you hear from places like Anthem that is experiencing rates doubling and tripling.

At this point the Chair opened the floor for Public comment. With no comments from the Public, the Chair closed the floor to the Public and reverted back to the Board, suggesting the Board accept the recommendation of the committee for a rate increase of \$5.00 (per customer/per month). J Evans moved to approve the \$5.00 rate increase (per customer/per month) with F Ballinger seconding the motion. Upon vote the rate increase of \$5.00 per customer/per month, effective for July billing was approved unanimously.

At this point the Chair noted it was 8-minutes until the designated time to begin the Public Budget Hearing. R Hrabina indicated he could add to the Operation Report and give an update on the water line replacement project approved by the Board for Topaz. It was reported the project is about 2/3rds complete. The ground was initially sandy causing it to keep caving in. It's been slow digging impeded by large boulders; finally, today the soil is more stable with R Hrabina indicating the completion of the project should be by the end of next week. The Chair inquired if any additional difficulty was anticipated when digging across the ravine with R Hrabina stating he anticipated a continuation of a wide ditch wanting to avoid any cave-ins and not wanting to see anyone get injured on the job. J Evans inquired if the line crossing the wash will be encased in concrete with R Hrabina indicating it will be. Upon completion, the lines will have to be tested; with R Hrabina noting so far the project is going well. No action taken with the Chair noting it was informational only with the Operations Report already approved.

8:30 PM

Agenda Item #9

8:30 PM Public Budget Hearing for fiscal year 200702998

Chair Marley opened the Public Budget Hearing, noting copies were available to Board (and Public) and called upon Treasurer Floyd Ballinger for his assessment. F Ballinger stated the most major adjustment was the \$5.00 increase (per customer/per month) for capital improvements; everything else was minor. We appear to be on track with this year's budget. The Chair asked Sarah (Hrabina/Management) if she had anything else to add with S Hrabina indicating Floyd (Ballinger/Treasurer) had done a good job of summing it up, noting the \$5.00 increase projection will give approximately \$95,000 for capital improvements. It was also noted the amount paid on the principal, Wells Fargo loan, comes from the capital funds. There is little change in the operation and maintenance portion of the budget from this fiscal year.

The Chair called for any additional comments or questions from the Board (none), followed by opening the floor for Public comment. With no Public comment, the Chair closed the floor to the Public and reverted discussion back to the Board. The Chair called for a motion noting we have a formal document and no discussion or exception. J Evans moved to approve the 2007-2008 Budget with F Ballinger seconding the motion. Upon vote the 2007-08 Budget was approved as presented without opposition.

Agenda Item #10 Public Call - None

With no other business to come before the Board the Chair thanked the Public for attending and the meeting adjourned at 8:33 PM.

CERTIFICATION:

I, Sarah J. Hrabina, certify that the Agenda for the June 21, 2007 Regular Board Meeting, Public Rate Hearing and Public Budget Hearing was publicly posted at the Black Canyon City Post Office Bulletin Board, on Friday, June 15, 2007 at 4:00 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 6/26/2007
Amended: YES NO

Minutes of the Regular June 21, 2007 Board Meeting approved as herein transcribed by Board action on: _____