

**MINUTES FOR THE
BLACK CANYON CITY WATER IMPROVEMENT DISTRICT
JULY 19, 2007 REGULAR BOARD MEETING**

Chair Robert Marley opened the meeting at 7:30 PM explaining the meeting is primarily a Board meeting with most of the discussion being between Board members and Management. The customary reflection period was called for by the Chair to be observed by the Board and Public.

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

Robert Marley, Chair
 Ron Lee, Secretary
 Mary Brown, Member-at-large
 Also in attendance
 Management: Randall Hrabina and Sarah Hrabina
 Owner/Users: Polly Ballinger, Marlene Evans
 Public: Cindy Brannan; Jeff Johnson/BC Insurance
 Jim Evans, Vice Chair
 Floyd Ballinger, Treasurer
 Media: None

Agenda Item #4: Board Member Reports - None

Agenda Item #5 Approval Board Minutes – June 21, 2007 Regular Board Meeting, Public Budget Hearing and Public Rate Hearing

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 June 21, 2007 Regular Board meeting, Public Budget Hearing and Public Rate Hearing were approved without opposition.

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

Treasurer Floyd Ballinger presented the Financial Report for the period ending 6/30/2007 with the beginning and ending balance for each account provided:

Account	Beginning	Ending
General Fund	\$152,746.55	\$131,464.21
Security Deposits	\$40,040.00	\$40,040.00
Capital Reserve	\$89,215.10	\$97,682.78
Arsenic Sinking Fund	\$69,339.92	\$70,492.59
Bank of the West	\$7,538.62	\$12,334.69

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

June billing totaled \$36,438.61 with 833 active accounts. The gallonage for the month was reported at 8,252,000 as compared to 8,062,000 the previous month. The June '06 comparison was 8,546,000 gallons; and total for the fiscal year was reported at 79,232,000 gallons. Approximately one-half million gallons less then the previous fiscal year total.

The cash management reports show total receipts for the month of \$35,985.94 and total disbursements of \$57,647.88, which included payments to DCI for 90% of the Topaz Line Replacement capital expenditure and an additional \$4,500.00 to BC Contracting for the School Tank Road Improvements also approved by the Board. The financials include audit #7928 through #7972 and QuickBooks invoices #805 to #818 with the accounts receivable balancing in both at \$32,521.43. No impact fees were collected during June 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 thanked the Treasurer for the report and indicated he would entertain a motion to accept the Financial Report with J Evans so moving. R Lee seconded the motion and upon vote the Financial Report for the period ending 6/30/2007 was approved without opposition.

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

R Hrabina presented an overview to the Board and Public: 9 Completed Work Orders, 10 Blue Stakes marked and 49 "Pink Slips" for past due accounts were processed. Water samples, for bacteria, for the month were negative.

Management reported the Topaz line replacement project was completed as of 7/17/07 and Management had the property owner, Bill Forsman, sign off on the project indicating the work was done to his satisfaction. The cost estimate for the project was \$39,000 and the actual cost for labor and material was only \$31,700.

Well Stats – R Hrabina stated there was no change in the well depths 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 50';	25'; Draw to 50'
Running time 8 – 10 ½ 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 7 ½ - 11 ½ 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 5 - 6 hrs/day		Running time 5 - 6 hrs/day

It was noted the total gallons pumped for the period was omitted and would be included in the next month's report.

A copy of Yavapai County's long-range road improvement schedule was provided to the Board members with R Hrabina indicating the road projects affecting the District would be Cholla and Roadrunner tentatively scheduled for fiscal year 2010/2011 and Reynolds Road in 2011/2012. Water and service lines will have to be replaced on Cholla and Roadrunner; the water line on Reynolds will probably be okay, but the service will most likely have to be replaced. Management will work on estimated costs for the Board for budgeting purposes.

R Marley inquired if Management was aware of any plans by the County to pave Church and David Streets with R Hrabina indicating the County paved only Albins and Phyllis Street and have no plans to do the other (David & Church Street) as originally planned. R Hrabina stated he felt complaints from the property owners may influence the County, but at this time they have no plans to do those streets.

With no other questions the Chair called for a motion and R Lee moved to accept the Operations Report with M Brown seconding the motion. Upon vote the Operations Report was accepted without opposition.

Agenda Item #8 Insurance Quote & additional items for consideration/Jeff Johnson

Chair Marley introduced and welcomed Jeff Johnson from Black Canyon Insurance and yielded the floor to him. Mr. Johnson indicated Management had asked him to provide a competitive quote for the District's insurance and was pleased to have been able to do so. He indicated he found two companies that service water districts; one our current carrier and the second Philadelphia Insurance with Philadelphia providing like coverage at a lesser cost. Mr. Johnson provided a summary of the coverage and indicated the elimination of the section on employee benefits since there are no employees at a savings of \$300 and also Inland Marine for rental equipment, also a savings of \$300. For the small amount of rental equipment for sign barricades it was his opinion the cost did not warrant the coverage. He also stated it could always be added in the future if needed.

Of most concern was the previous policy did not give definitive locations for the sites and he felt it was important to give the physical addresses for each site. Coverage for the equipment sites was \$550,000 and Mr. Johnson wanted to know if everyone felt it was sufficient coverage. Increasing the amount of coverage would be an option with Mr. Johnson noting the line item for the \$550,000 coverage was only \$352.00. It was also noted the deductible is \$1,000.00 and it is a replacement cost policy.

After full review and discussion, J Evans moved to accept the proposed insurance policy from Philadelphia Insurance through Black Canyon Insurance deleting both the Inland Marine clause for rental equipment and the employee coverage clause as recommended by Jeff Johnson. The motion was seconded by R Lee and upon vote passed unanimously. Chair Marley

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expressed appreciation to Mr. Johnson for his presentation and time and Mr. Johnson thanked the Board for choosing Black Canyon Insurance for the District's insurance needs.

Agenda Item #9 Conservation/Drought Concerns

Chair Marley opened the discussion noting it is encouraging water usage for the (fiscal) year is down from the previous year. However, just watching, the streambed (Agua Fria River) is extremely dry and I've also noticed in the newspaper the Town of Cave Creek got concerned enough to post signs about town to encourage water conservation. The Chair indicated he was looking for suggestions or ideas, noting perhaps mailing letters out to raise the public's awareness of the drought condition, plus the re-location of the water office. We could also consider making a notation on the (monthly) water bills. M Brown indicated if a flyer was sent out it should include "tips" on how to conserve water, noting as an example, repairing leaky toilets, faucets and cutting back on watering grass. R Lee asked about the Conservation Plan enacted a few years back with R Hrabina indicating the conservation plan is still in effect. There are different levels and discussion followed regarding the levels (current lever at Level #2 with voluntary public conservation encouraged). R Marley stated he has noticed even the desert plants are taking a severe hit and some increased usage may be from people who feel their desert plants need some additional water. R Hrabina stated watering with a (garden) hose is especially bad if people walk away and don't stay right there. We have been called out more than once at night for a possible leak with water running down the street and it turns out to be someone's forgotten and left their hose on! It's really bad when there's enough for the water to run down the street.

Chair Marley stated it appears we're not at a level like Cave Creek where we need to post signs with R Hrabina agreeing. Management is watching the levels of the wells closely to be sure the Board has as much advance notice as possible to act if there is a drop. R Marley inquired about suitable material, information available for a flyer with S Hrabina suggesting some of the websites out there, such as AZ Department of Water Resources. J Evans inquired about using the skeleton poster previously used to raise public awareness. S Hrabina stated there is still a small supply of the (conservation) "water wheels", which like Mary was saying, gives "tips" on how to conserve. R Hrabina noted he took some to the hardware store for handouts.

Chair Marley suggested putting the discussion on HOLD to talk about Item #10 and if a public notice is needed for the office re-location.

Agenda Item #10 Office Re-location

Chair Marley opened the discussion asking how we are making the public aware of the move besides the signage (on the building). R Hrabina stated initially he felt a public mailing would be needed, but it appears most people are finding the office without too much difficulty. A picture of the new signage was displayed for the Board members and R Hrabina indicated the standpipe (drop box) was also relocated and painted a very bright yellow. Word gets around a small town pretty quick and there is a sign at the old office (with the new office location). M Brown stated she felt most people will feel it is a more convenient location. To send a notice just for that, I'd say "no", stated R Hrabina. If it is in combination with the drought, then maybe. Chair Marley stated that's why he moved on to this discussion and asked for any other ideas. F Ballinger asked if it was possible to put a "one-liner" on the water bills with S Hrabina indicating the verbiage about the \$15 late fee takes up all the space for comments. She had purchased a red "Conserve Water" stamp, and offered to add it to the bills. Another suggestion would be for a newspaper article. F Ballinger stated we're not at the trigger point yet so heightened awareness would be good.

Chair Marley indicated he didn't feel there was any Board action needed, noting it would be a good idea to use the red stamp - conserve water on the bills and he would put together something on the website for the time being.

Agenda Item #11 Engagement Letter/CPA Darlene Wood for 2006/07 Year end Audit

Chair Marley opened the discussion and it was noted the engagement letter is a standard letter each year, if approved it needed to be signed. Chair Marley inquired who normally does the management and analysis letter, with S Hrabina indicating it is Management's responsibility. Chair Marley stated he read the letter and felt it was well put together and inquired about the possibility of contacting our attorney, which could result in an additional cost to the district; why

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would the CPA need to do that? S Hrabina indicated that's standard, too. The Chair asked if she (Darlene Wood) had ever done that? S Hrabina responded, yes; noting it is to make sure there are no legal issues or pending lawsuits in the works. Does it usually result in a bill? S Hrabina indicated it did once when Pam (Massat) was Chair and she paid it herself, not the District because she thought it was outrageous that they would charge a fee to say there was nothing happening. M Brown indicated she remembered that happening. S Hrabina stated the charge was about \$300, but also noted there was no charge last year and suspected it was because the District did not have any expenditures for legal services during

On motion by J Evans seconded by R Lee the engagement letter from Darlene Wood to conduct the 2006/2007 year-end audit was approved unanimous.

Agenda Item #12 Public Call

Polly Ballinger indicated she is aware of the District's website and inquired if we have advertised it? It was noted signage for the website could be added at the water office and at the post office bulletin board. (NOTE: The new water bills now have it pre-printed on the bills, as do the meeting summaries and agendas posted at the Post Office.)

With no other business to come before the Board the Chair thanked the Public for attending and the meeting adjourned at 9:25 PM.

CERTIFICATION:

I, Sarah J. Hrabina, certify that the Agenda for the July 19, 2007 Regular Board Meeting was publicly posted at the Black Canyon City Post Office Bulletin Board, on Friday, July 13, 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 8/10/2007

Amended: YES NO

Minutes of the Regular July 19, 2007 Board Meeting approved as herein transcribed by Board action on: _____