





the fire protection needs to that site. Frankly, pulling 500-gallons of water from our system per minute scares the Board and Randy (Management). Additional tank requirements will be needed. And (2) do the people of this community or this Board have the right to give away this volume of water. We need to figure this out and until we iron these issues out and reach some kind of written agreement before this will not go very far. It's not going to happen at this Board meeting; it's too complex. What I think will have to happen is you need to work out, through Randy/Management a plan that addresses the issues. Mr. McDougall stated he felt it could be resolved and be a "win/win" situation for everyone. The owner needs water and the community needs to improve the infrastructure. R Hrabina was called upon by the Chair and R Hrabina stated this is the third plan you've presented - the first was approximately 200 units, then it was dropped to 100+ units and now we're looking at 300+ and it seems you want carte blanche with no plans submitted to the County. Mr. McDougall stated the county says they want the water issue resolved prior to going to them. Chair Marley stated that was strange because he had personally gone up to the county and they said just the opposite to him. They indicated they don't have a plan from you and when they get a plan what they will do is put out feelers to the fire district, water district and community and get their input. R Hrabina indicated that is generally what they do. He also indicated he did not feel the 15% increase quoted was necessarily an accurate number noting other recreational needs, such as a planned pool, and stating the number could be closer to 20%. Fire flow- you say the fire district has agreed to 500-gallons per minute. We debate whether we can supply that for two hours. We just had a big fire; 3:30 in the morning with basically little or no use because everyone is sleeping. The pumps were running full force and water pressure was lost to some customers. Mr. McDougall stated you can't hold one meter to a higher degree of standard with R Hrabina indicating he can't make our system be less efficient by adding more to it without improving it.

Mr. McDougall inquired if the Water District had any capital improvement plans for improving the infrastructure going out Old Black Canyon Hwy, noting it is probably considerably undersized. R Hrabina stated management makes recommendations to the Board and the Board determines what to do. At this point management recommends nothing be done until there is some type of agreement with what the developer is going to do to improve infrastructure in order to get water, if it can get water from the District. You can figure out by the size of the line how much flow, but do we have that water in the ground? That's another concern. Additional discussion followed regarding recent drought conditions experienced by the Water District. Our wells are shallow; we have limits. Mr. McDougall stated don't the numbers add up to 600-GPM? Both Chair Marley and R Hrabina indicated that was true under best conditions. Mr. McDougall indicated he had been told we have capacity for 600-GPM with the town using less than 200-GPM currently with the capacity of water of 600-GPM in the ground. R Hrabina stated no, I don't know that; no one knows that. That (600-GPM) is what I can pump. There is no hydrology report to give us that information. We really don't know what is in the aquifer; nobody does. Mr. McDougall inquired how we can say we have 600-GPM with R Hrabina stating when I say 600-GPM that's what the maximum pumping capacity is, but I've never been tested as to how long we can sustain that. Mr. McDougall stated there were two issues with the hydrology- one is the fire flow and the 500-GPM for two hours. He and R Hrabina both agreed that could be solved. The other is the 600-GPM; the well capacity. When you punch a well you do a draw-down test. As an example if the test shows you can sustain 200-GPM and it stays at this level and doesn't go down, that is the capacity of the well. Chair Marley disagreed, noting it only reflects the capacity at that one point in time. He stated you go back six years and you will get a different number. R Hrabina added six or seven years ago good wells were sucking air. Mr. McDougall indicated the need to know the hydrology of the system; how much water do you have. R Hrabina indicated he didn't think we will get that unless someone wants to spend the big bucks and even then we may not really know. The other issue I feel needs to be addressed is storage. I've said this all along. An additional 200,000 gallon storage tank will be needed (tank site available on Indian Hills) to service your development and we'll need a booster (pump) to fill the tank. We would be able to supply water to the development during the day and fill the tank back up at night. This is the direction I'd like to see going forward but we still need to go over how many units; how many gallons needed (daily basis) and do we feel there is enough water in the ground to supply this project. Chair Marley added a third element is do we have the right to take 15 or 20% of our water and give it to just one customer. Mr. McDougall indicated the capital improvement plan in

place was good, with R Hrabina apologizing for interrupting, and stating you have to understand the capital improvement funds are NOT to improve the system for a single development. Additional discussion followed regarding capital improvements needed and, as an example, Mr. McDougall stated replacing and upgrading the main line on Old Black Canyon Highway would benefit everyone and, therefore, could possibly be done on a percentage basis with a portion of the cost paid with capital improvement funds and a portion by the developer. Chair Marley stated the system is currently stable and is capable of servicing the customer base. Your development is what will require upgrades and is why the developer should pay for those upgrades, not the District. R Hrabina suggested the need to get together, like we did before, and iron out a plan that management is happy with so we I can present it to the Board. It will need to include infrastructure needs, storage and even the size of the development. I believe as a developer, a property owner, you have a right to develop your property. But, I also believe it has to be within what the Water District feels it can supply you comfortably and not jeopardize the rest of the customers. Chair Marley stated his biggest concern is we can't disadvantage the community in terms of the safety of operating the system to advantage just one party (customer). We just can't do that. Mr. McDougall indicated he sees this as a positive, not a negative; as a way to improve the system for the entire community. Chair Marley and R Hrabina both agreed it "could" be with R Hrabina adding what you need to realize is it is the developer who needs to front the costs for the improvements needed. This is the way its been done for years and I don't think this Board will waiver on this and Management certainly would not recommend they do so.

Mr. McDougall asked if the Board could give them guidance as to what the developer needs to do with Chair Marley indicating not at this meeting and suggesting he meet with Randy (Management) with R Hrabina concurring. The Chair stated he felt Randy (Management) and Mr. McDougall could come up with a technical solution to present to the Board and it will be up to the Board to make the final decision. Mr. McDougall stated he felt the District and the Developer will need to work together. Ending the discussion, the Chair thanked Mr. McDougall for attending and giving the presentation to the Board. The matter was TABLED with no Board action taken.

#### **Agenda Item #8            2009-2010 Budget Recommendations from Budget Committee**

Chair Marley deferred opening 2009-2010 Budget recommendations to Sarah (Hrabina/Management) with S Hrabina indicating the Budget Committee (committee members were: Treasurer Floyd Ballinger, Chair Bob Marley, Sarah Hrabina-Management, and from the public- Barrie Dickerson, Tony Chavez and Virginia Gray) met several times to compile the budget which has two parts: (1) Operations and Maintenance (O&M) Budget and (2) Capital Improvement (CI) Budget for Board review. Details of both the O&M and CI budgets were presented. It was noted the proposed budget would have to be advertised for a public budget hearing before final Board adoption. The public hearing is when the public has an opportunity to ask questions and/or comment. It is the committee's recommendation to have the public budget hearing at the next Board meeting (5/21/09). The Committee has provided two options for the CI budget for Board consideration. Option #1 is the Committee's recommendation and has no change in the current rate structure. Option #2 is with a slight reduction and is based on retiring the current District debt as of May 1<sup>st</sup>. The Committee agreed unanimously Option #1 was in the District's best interest and overall the difference is approximately \$60,000.00 and can be reviewed again with next year's budget process. The reduction (in Option #2) would be roughly \$3.00 per customer/per month.

The Chair stated what's being asked of the Board at this time is to approve what will be presented to the public as the proposed budget with S Hrabina indicating that was correct. The public hearing is for public comments and questions. The proposed budget is not set in stone; the Board can revise or make changes to the proposed budget after the public hearing before adopting the final budget. With no other questions from the Board the Chair called for a motion and Treasurer F Ballinger moved to approve the proposed O&M Budget and CI Budget with Option #1 as presented by the Budget Committee. R. Lee seconded the motion and upon vote the 2009-2010 Proposed Budget was approved unanimously.

**Agenda Item #9 Board Approved Budget Hearing Date**

Chair Marley opened the discussion noting the budget hearing last year had been in June. However, there is no June Board Meeting scheduled and it is, therefore, necessary to schedule this budget hearing in May (to be in place before the beginning of the fiscal period of July 1, 2009). R Lee moved to set the public budget hearing for the May Board Meeting (May 21, 2009) with J Kobold seconding the motion. Upon vote the setting the public budget hearing for May 21, 2009 was approved without opposition.

**Agenda Item #10 Ordinance Review Recommendation-Tiered Commercial Water Rates**

Chair Marley deferred opening discussion to committee member Floyd Ballinger with F Ballinger stating the current commercial rate structure is \$2.00 per 1,000 gallons for the first 2,000 gallons and \$3.50 per 1,000 gallons over 2,000 gallons. Additional tiers are being recommended by the Budget Committee similar to what is already in place for the domestic (residential) customers. The proposed tiers are:

Tier		Rate per 1,000 gallons
0 to	10,000 gals	\$2.00
10,001 to	100,000	\$3.50
100,001 to	400,000	\$4.50
400,001 to	1-million	\$6.00
Over 1-million		\$8.00

The Chair added the state highly recommends water utilities implement a tiered billing system (for conservation reasons). We looked at other rates and Cave Creek, as an example, set rates earlier this year up to \$9.00 (per 1,000 gallons). The (proposed) tier structure is greater than the residential tier giving more gallons before increasing the rate. With no other questions from the Board the Chair called for a motion. S Hrabina, for clarification, stated this along with Agenda Items #11 and #12 are all proposed changes subject to a public hearing before final Board approval. F Ballinger moved to approve the proposed commercial tiered rate structure with R Lee seconding the motion. Upon vote the commercial tiered rate structure as presented was approved unanimously.

**Agenda Item #11 Ordinance Review Recommendation-Collections Policy**

The Chair deferred opening discussion to Sarah Hrabina noting Management had brought the issue to the Committee's attention with S Hrabina stating the increase in foreclosures has brought an increase in collection defaults. When banks acquire properties a lot of times we don't even know who owns it for months and months. Not always, but sometimes they get listed rather quickly. We have some good people (customers) who are trying to be responsible and contact us to let us they will be vacating the property to get their final bill to pay. They also want to make sure they are not responsible for any future fees. Some have even requested the meter be removed. To help enable us, Management needs a policy to define when a property sits vacant for an extended period of time that the meter can be removed, if necessary. The Chair read the following section of the Ordinance, noting the verbiage in italics would be the proposed changes:

Section 503 (1) Residential: The charge shall be as established by the Board for *single* family residences and mobile homes. Each new connection *or reconnection (the meter having been removed for any reason)* to the Water District System shall be charged a development/impact fee. Fees are reviewed annually; see Section 1001 for current charges.

Section 508 ..... If a bill remains unpaid and exceeds the deposit on record for that account, the District may discontinue service (*turn off at the meter and padlock*) at the time of the beginning of the next month's billing cycle, (i.e. the day of meter reading). *If the bill remains unpaid two months later, the District reserves the right to remove the meter and terminate service.* Minimum payment due on account to avoid water service shut-off will be equal to fifty percent (50%) of the current balance on the account.....

Additional discussion followed regarding foreclosures and the problems they create in respect with collections. The Chair called for a motion and R Lee moved to approve the change in wording, as shown above, to the Ordinance with F Ballinger seconding the motion. Upon vote the change in wording to the Ordinance was approved unanimously.

**Agenda Item #12 Ordinance Review Recommendation-Development Impact Fees**

Chair Marley deferred opening discussion to Committee member Floyd Ballinger who stated the purpose of an impact fee is to prevent dilution of current owner’s water rights and allow the District to build additional water delivery capability equivalent to what already exists for service increases. Currently the District charges a new business that uses a couple of thousand gallons a month the same impact fee as a new business requiring a hundred or even a thousand times that amount of water a month. After discussing this, the Committee reached the conclusion this was undoubtedly inequitable to current users and decided the primary problem was stub connections. While residential users are limited to one residence per lot, that is not true of either shopping malls or multi-dwelling commercial properties. They can be served with one meter and then the developer stubs off as many shops or residential connections as he or she wishes. The result can be a single property creating a huge increase in District water demand with a minimum payment for the impact on the system. The Committee recommends several Ordinance changes (italics for additions):

*Sec. 120a **Stub In Line** The words "stub in line" will be used to identify multiple water connections to separate "Buildings", business locations, or rental spaces on a developed property after a single District meter. Not to include minor water use for detached utility buildings, garages, or carports. All "stub in line" connections must have written permission granted by the District Manager.*

Sec 122 **Developer/Development** shall mean any person or persons wanting water service for a lot or lots, for subdivided or un-subdivided land, which currently does not have service with an active account or any redevelopment of an existing service that requires a change in permit class (see section 605), a change in fire protection water delivery, or a substantial departure from the service’s historical water use.

Sec 503 (2) Commercial: The charge shall be as established by the Board. Commercial connection is hereby defined as any connection other than residential. Each new connection to the Water District System shall be charged a development/impact fee *for the primary connection to the main. Both new connections and connected properties that are planned for additional development will be charged a smaller impact fee for each "stub in line".* Fees are reviewed annually; see Section 1001 for current charges.

Sec 503 (3) The above fees are separate from charges in *any* District reimbursement agreement. ~~The above charges fees will be charged for any property without a meter or adding "stub in lines" for six (6) months or more.~~

Sec 503 (4) *Upon County and District approval of any property development and prior to the commencement of any work, all impact fees will be paid in full.*

**Sec 1001 Commercial New/ Redevelopment Lot Service**

Impact/Development Fee <i>for first connection</i> .....	\$2800.00
<i>Per additional stub in line connection (multi-use)</i> .....	\$1400.00
Meter Installation .....	\$Cost +50%
Security Deposit .....	\$500.00
Application Fee/New Service Fee .....	\$50.00
Service Connection .....	\$300.00
(Private Line Installation Not Included)	

The Chair called for any questions from the Board or motion and R Lee moved to accept the proposed revisions to the Ordinance as presented (above). F Ballinger seconded the motion and upon vote the proposed revisions were approved unanimously.

**Agenda Item #13 Board Approved Ordinance Revision Hearing Date**

Chair Marley stated as previously mentioned a public hearing needs to be scheduled for agenda items #11 through #13 and called for a motion. F Ballinger moved to schedule a public rate and ordinance revision hearing for the May (5/21/2009) Board meeting. J Kobold seconded the motion and upon vote the public rate and ordinance revision hearing for May 21, 2009 was approved unanimously.

**Agenda Item #14 2008 Consumer Confidence Report**

This item was TABLED; no Board action taken

**Agenda Item #15 Call to the Public none**

With no other business to come before the Chair thanked the public for attending and the Board meeting adjourned at 7:40 PM.

**CERTIFICATION:**

I, Sarah J. Hrabina, certify that the Agenda for the April 16, 2009 Regular Board Meeting was publicly posted at the Black Canyon City Post Office Bulletin Board, on Friday, April 10, 2009 on or before 4:30 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., Secretary

Transcription of minutes completed by Sarah J. Hrabina on 5/18/2009