

**MINUTES FOR THE
BLACK CANYON CITY WATER IMPROVEMENT DISTRICT
October 20, 2011 REGULAR BOARD MEETING**

Chair Robert Marley called the meeting to order at 6:30 PM and welcomed the public.

Roll call showed a quorum with all Board members present:

Chair: Robert Marley

Treasurer: Barrie Dickerson

Vice-Chair: Ron Lee

Member-at-large: Doris Gosney

Secretary: Harry Putman

Also in attendance: Management – Randy and Sarah Hrabina

Owners/Users: Susan Marley, Bob Gosney, Betty Gross

Public: Cindy Brannan, Bob Cothorn

The customary reflection period was observed by the Board and Public

Agenda Item #3: Board Member Reports

None

Agenda Item #4: Approval of Board Minutes for September 15, 2011

The Chair noted the minutes from the September 15, 2011 Regular Board Meeting were given for review and approval, with all Board members indicating they had read them. B Dickerson moved to accept the minutes as written. The motion was seconded by R Lee and upon vote approved unanimously.

Agenda Item #5: Treasurer's Financial Report as of 9/30/11

B. Dickerson presented the financial report for the period ending 9/30/2011, with beginning and ending balances for each account:

Account	Beginning	Ending
General Fund	\$79,302.15	\$67,156.95
Security Deposits	\$42,425.00	\$42,425.00
Capital Reserve	\$109,869.86	\$122,137.23
Arsenic Sinking Fund	\$80,273.52	\$36,611.94
Bank of the West	\$39,972.41	\$21,022.07

September billing with 831 active accounts totaled \$30,492.32. The gallonage for the month was reported at 5,529,000 (4.66M Res, 0.833M Com., 0.028M Fire); compared to 7,509,000 the previous month. The September '10 comparison was 6,543,000 gallons. Total gallons billed for the fiscal year-to-date was reported at 18,925,000 gallons (3 mo.). The cash management reports show total receipts for the month of \$43,117.63 and total disbursements of \$88,582.19.

The financials include QuickBooks invoices #1398 to #1422 and In-Hance audits #10,449 through #10,517 with the accounts receivable balancing in both at \$32,118.36. One impact fee was collected in the month of September (a/c #115/Audit #10,497; previous foreclosure property w/meter removed). It was noted budget vs. year to date analysis and monthly general journal entries were also attached to the report. The data was respectfully submitted by Management, Sarah Hrabina, and reviewed by Treasurer, Barrie Dickerson, for final Board approval. R Lee moved to accept the financial report. Harry Putman seconded the motion and upon vote the Financial Reports for the period ending 9/30/2011 was unanimously approved.

Agenda Item #6 Operations Report as of 10/19/2011

R Hrabina/Management presented a recap of the past month's activities with 28 work orders, including turn ons, turn offs, meter re-reads, meter/valve repair/replacement, line break/leak repairs, and other service needs. There were ten (10) blue stakes marked for the period. There were 44 pink slips issued.

Monthly bac-t samples were negative for October.

Well Stats as of 10/19/11

There was no change from last report

Water levels:	LAST REPORT	THIS MONTH
Big John #1	22' Draw to 24'	22' Draw to 24'
Big John #2	22' Draw to 38'	22' Draw to 38'
GOA #1	20' Draw to 24'	20' Draw to 24'
GOA #2	20' Draw to 36'	20' Draw to 36'
Oasis #1	21' Draw to 30'	21' Draw to 30'
Oasis #2	22' Draw to 29'	22' Draw to 29'

System operator Bob Hanus inspected the system and daily log book as required by ADEQ. He found everything to be in order for the month September 2011.

The Roadrunner Circle project has resumed following a delay due to a death in the family of the contractor. The project is approximately three-quarters finished and Management expects completion by the November regular Board meeting or shortly thereafter. The county is expected to do work on widening the street later this fall and will most likely pave in the spring. Since some of the counties intentions are not fully known the lines are being placed deeper than necessary to insure code compliance when the final street grade is determined.

B Dickerson moved to accept the operations report as presented; D Gosney seconded the motion and upon vote the operations report was unanimously approved.

Agenda Item #7 Discussion/Valuation of Acquiring Private Water System

Management/R Hrabina presented information regarding a proposal by Roger Wagner, owner of Coldwater Canyon Water Company to have Black Canyon Water Improvement District buy his company. Primary advantages of this proposal would be more storage and more wells for the District. Disadvantages would include higher rates for CCWC customers, additional repairs expected with a larger district, Management requiring more help to handle the increased workload, and a lack of Capital Improvements monies in reserve for the newly acquired system. Management noted that another consideration is that of needing support for the merger from Jeanne Albins. According to the well lease agreement between the District and Mrs. Albins, she must give her approval for any such action. R Hrabina stated he has talked with Mrs. Albins, so she is aware of the situation.

A motion was made by D Gosney and seconded by H Putman to allow more detailed discussion of financial figures provided by Roger Wagner and estimates from Management. Upon vote the motion passed by a margin of 4 to 1.

According to R Hrabina/Management, the purchase price would be \$450,000.00 with the seller being willing to carry \$375,000.00 of that for 30 years at 4% interest. Based on 2010 figures, \$27,000.00 was the operating cost for CCWC's utilities, repairs, insurance, and water testing. The company currently has 374 customers, approximately half the size of BCCWID but averages 50% more water used per customer.

Chair Marley expressed concern about what such a merger would do to the District's Capital Improvement fund. Every BCCWID owner/user has purchased an equity position with a \$2500.00 connection fee and/or by investing annual Capital Improvement monies in their billings for years. CCWC customers have no property interest in that system and have accumulated no money for future Capital Improvements. This means a BCCWID merger with CCWC could result in a substantial transfer of wealth from the current District owners to the customers served by CCWC.

The Board decided to table discussion until a way could be found to place all CCWC users on the same financial footing as the BCCWID owner/users.

Agenda Item #8 Call to Public

There were two presentations at Public Call.

One owner was upset with unexpected yard alterations resulting from the Roadrunner Circle project. Management responded that the re-piping contract was not complete but when the project was finished, all properties affected would be returned to their original state (except for changes made on the county easement). Letters will be sent out to all property owners involved to make certain they are satisfied, and the contractor will not be fully paid until this has been done.

Another resident of Black Canyon City, who is not a District property owner, suggested if the Board decided to buy CCWC the District would have to deal with the Corporation Commission. The Chair pointed out this would only be true if the District Board intended to continue running CCWC as a private holding (an investment), which was unlikely. As this issue had been tabled during an earlier discussion, there was no need for further comment.

With no other business to come before the Board, the Chair thanked the public for attending and the Board meeting adjourned at 7:25 PM.

CERTIFICATION:

I, Sarah J. Hrabina, certify that the Agenda for the October 20, 2011 Regular Board Meeting was publicly posted at the Black Canyon City Post Office Bulletin Board, on Monday, October 17, 2011 on or before 4:30 PM.

Sarah J. Hrabina
Sarah J. Hrabina

ATTESTED:

I, Harry Putman, Secretary 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, *Harry Putman*
Harry Putman, Secretary

Transcription of minutes completed by Lavon Van Dusen on 10/26/2011

Full digital recording available: 54 minutes and 55 seconds long.