

MINUTES
PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT
PO Box 945, Pine, AZ 85544
March 16, 2024

Regular Meeting
Date: Saturday, March 16, 2024

Place: District Office at 3617 N Highway 87, Suite A, Pine, Arizona 85544
Teleconference Number: 1-877-594-8353, Participant Pass code 20932491#
Phone in participants will be placed on hold listening to music until the
Chairperson joins the meeting
Time: 9:00 AM
Telephonic Meeting

DRAFT
Until approved at a future meeting

1. CALL ORDER

The telephonic meeting (due to severe weather conditions) was called to order at 9:01am by Treasurer William McClung.

2. ROLL CALL OF BOARD MEMBERS/DECLARATION OF QUORUM

Present - Bill McClung, Tom Kelly, and Dave Karr. Others present on the call: Harry Jones, District Manager; Steve Stevens, Associate District Manager; Susan Thompson, Administrative Assistant; Tom Jones and Cari Kelly. Mr. McClung declared a quorum of Board members were present.

**3. CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETING HELD ON
December 9, 2023 - Regular Meeting**

Mr. Karr moved to accept the Minutes of the December 9, 2023 meeting. Mr. Kelly seconded. Roll Call: Mr. McClung Mr. Karr, Mr. Kelly. All say Aye. None say Nay. Motion passed.

January 6, 2024 - Special Meeting

Mr. Karr moved to accept the Minutes of the January 6, 2024 meeting. Mr. Kelly seconded. Roll Call: Mr. McClung Mr. Karr, Mr. Kelly. All say Aye. None say Nay. Motion passed.

4. CALL TO THE PUBLIC FOR INPUT ON SCHEDULED AGENDA TOPICS

No input from the public.

5. TREASURER'S REPORT

5a. Balance Sheet: Mr. McClung reviewed the balance sheet and noted cash of \$390,000 in operating and reserve accounts plus \$124,000 in WIFA required reserve for a total cash balance of \$514,000. He noted the fixed assets investments grew this last year by the blower upgrade of \$7,000 and other work on the WWTP Controls upgrade of \$17,000. He noted the long-terms debt reflected expected pay down of the various WIFA loans. Mr. Karr moved to accept the Treasurer's Report and Mr. Kelly seconded. All say Aye and none say Nay. Motion Passed.

MINUTES
PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT
PO Box 945, Pine, AZ 85544
March 16, 2024

5b and 5c.- Revenues and Expenses and Budget vs. Actual Comparisons: Mr. McClung noted total YTD revenues were within \$739 of budgets after eight months. The Administrative expenses were somewhat under budget due to the Manager's excess hours being under by \$7,000 and other expenses were very near budgeted levels. In terms of the Board of Directors, expenses were under by \$3,000 because of no legal expense was incurred. Wastewater and Water operation expenses were each about \$5,000-\$7,000 under budget and spread partially over all line items. The total of result of the P&L was a net income of \$3,900 which was \$28,000 better than the projected budget loss of \$24,000.

Mr. Karr moved to accept the Check Registers/Cash Disbursements for the last three months and Mr. Kelly seconded. All say Aye and none say Nay. Motion Passed.

6. DISTRICT MANAGER'S REPORT

6a-Depth to Water and Well performance, 6b-Water Usage: Mr. Jones noted the depth to water, well performance measurements and water usage were all near normal except total water sold in February was way under January where we had a 106,000-gallon leak at one home. Mr. Jones and Mrs. Thompson noted that large bill has already been paid by the customer.

6c-Additional expected Hookups and Impact Fees before and after 6/30/2024: All Board and staff members, plus Carrie Kelly all agreed we do not have any immediate prospects for adding new homes for the next year.

6d-Assessed Property Tax values for 2024: Discussion of the level of assessable property to tax was delayed until later in the meeting.

6e-Status of District Insurance Policies: Mr. Jones noted all insurance policies were reviewed and coverage extended for the following year, with policies being renewed in February and March of each year. Coverage levels were reviewed by Mr. Stevens. Since no major new assets were added, no changes in coverage amounts were made.

6f-Development of Steve Steves as Associate District Manager: Mr. Jones reviewed the many activities Mr. Stevens has learned about or handled over his first two months including accounting matters, involvement in all current projects like WIFA loan and WWTP improvements, required governmental reporting, financial statement creation and review, tank inspection, responding to customer needs, organization of Board meetings, upgrade to computer hardware and software, etc. Mr. Stevens agreed he will need to have assistance from Mr. Jones to continue to grow related to financial statement preparation, review, and analysis.

6g-Status of WIFA application: Mr. Jones reported the WIFA application was moving along in the approval process and that we have had to exclude about \$32,000 from the loan due to those expenses were incurred

MINUTES
PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT

PO Box 945, Pine, AZ 85544

March 16, 2024

prior to completion of the application. Mr. Jones noted he had moved forward quickly before the application was finalized due to the need to promptly solve the potential odor issue that was possibly being created due to failure of the one motor and one fan unit at the blower facility. Also, WIFA would not agree to finance spare parts (1 motor, 1 blower) that we wanted included in the project, but were not considered replacement or new equipment WIFA is allowed to loan against under the EPA rules. Mr. McClung inquired as to the dates of a required WIFA pre-approval meeting (early April) so he could be available to meet with WIFA. Mr. Jones noted the total project, with those parts being excluded, would now be \$32,000 less borrowings from WIFA for a total project loan of \$123,000.

6h-Status of WWTP operations: Mr. Jones noted that the WWTPP is running effectively with the new motors and fans installed; however, we are planning on moving forward with the full update of controls systems to replace panels and components that are about 28 years old.

6i-Status of PFFS sampling (Forever Chemicals): Mr. Jones then discussed the situation with required testing for "Forever Chemicals" that are now going to be regulated by ADEQ and the EPA. Our preliminary tests showed no such contaminants, however about 1/3 of all water systems in the United States did test positive including Payson and Sierra Vista in Arizona. He noted rural waters are far less likely to have failures, but if we have some in the future, treatments or filtration techniques are available.

7. ASSOCIATE DISTRICT MANAGER and Administrative Assistant Reports

7a-Computer and Software updates: Mrs. Thompson reviewed the upgrades we have made the last couple months to our software and computer systems to bring them more current. A new administrative computer, larger screen, and flat screen plus new Microsoft Office 2021 were included. Total cost of the upgrades is approximately \$1,500. Additionally, PCCDWID had our wireless account with CenturyLink reconnected.

7b-Tank Inspection results: Mr. Stevens reviewed the procedures for the inspection of the storage tank that resulted in a recommendation to probably re-coated the interior in 2-3 years at a possible cost of \$125,000. All agreed to put that amount into the budget about two years out.

7c-Lead Pipe Inventory for ADEQ; 7d-Verde River Basin Groundwater Basin study: Mr. Stevens and Jones reviewed the many new government reports that need to be completed including lead pipe inventory and the Verde River Water Basin resource levels for the future. A brief discussion followed on whether the resource levels in the Rim Country might be affected by the constantly growing demand in the Valley.

7e-Allow ACH deposits: Mrs. Thompson and Mr. Steven reviewed other possible procedures we may be able to offer our customers as additional ways to pay their monthly bills. After a review of ACH procedures, Zelle payment procedures, and onsite scanning and deposit of customer checks a motion was made by Mr. McClung and seconded by Mr. Karr to authorize the management team to install these new procedures and to coordinate

MINUTES
PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT
PO Box 945, Pine, AZ 85544
March 16, 2024

these industry standard activities with National Bank of Arizona and Creative Technologies, our billing software provider. Total monthly cost of the new procedures will be bank fees of approximately \$70 per month, most of which will be offset by the savings of not going to the bank three or more times per month to hand carry checks for deposit. All say Aye and none say Nay. Motion Passed.

8. **DISCUSS AND TAKE POSSIBLE ACTION RELATED to desired cash balances in terms of targeted levels of financial reserves and possible changes in monthly rates and fees, property taxes, impact fees, reduction of loan balances, and future capital project requirements:** All meeting participants discussed the variables that the staff should keep in mind as we start to put together the 2024-2025 budgets. The discussion included ideas that we should expect zero new homes being built, possibly increase the WWTP fees, up property tax by \$5,000-\$10,000 (since assessed values increased about 11%), continued possible increase in cash reserves in case of major failures of either well, expect \$125,000 for tank recoating in about 2025-2026, etc. Mr. Jones suggested that all Board members contact him or Mr. McClung with any ideas or requests they may have for possible changes in rates, fees, terms of service, capital improvement, etc. as we prepare to start the 2024-2025 budgeting process in early April.
9. **DISCUSS AND TAKE POSSIBLE ACTION RELATED to proposed dates of special meetings for the 2024-2025 budgeting process:** Mr. Jones reviewed an approximate schedule for completing the 2024-2025 budget starting with a session with Steve, Susan and Harry to be completed in early April, a review with Mr. McClung and Mr. Crews shortly thereafter, and then a work study session with the full board in the middle to late April, and if needed a meeting for a final adoption of the proposed budget (hopefully handled as part of the work study agenda if only minor changes). The proposed 2024-2025 budget, as approved by the Board would then be published in the newspaper and posted at three locations in the District, and presented at a Budget & Rate hearing as part of the June 15, 2024 Board meeting.
10. **CALL TO THE PUBLIC FOR ANY NON-AGENDA ITEMS RELATED TO DISTRICT AFFAIRS**
Owner Tom Jones appreciated the Board's approval to utilize additional ways to pay our monthly invoices. He also stated that the Board might consider budgeting for the next three years for the tank recoating.
11. **CONFIRM ESTABLISHED DATE AND DESIRED TOPICS FOR THE NEXT REGULAR BOARD OF DIRECTOR'S MEETING(S) AS A REGULAR MEETING TO BE HELD**
June 15, 2024 – No Special Topics
12. **MOTION TO ADJOURN**
Mr. Karr moved to adjourn the meeting and Mr. Kelly seconded. All say Aye and none say Nay. Motion Passed. The meeting was adjourned at 10:48am.

Submitted By: _____ Posted as of _____ M