

# MINUTES

## PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT

PO Box 945, Pine, AZ 85544

March 18, 2023

Regular Meeting

Date: Saturday, March 18, 2023

**Place: Pine-Strawberry Fire Department Training Room, 6198 W. Hardscrabble Road, 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**

DRAFT

Until approved at a future meeting

**1. CALL ORDER**

The meeting was called to order at 9:00 AM by Chairman Allan Johnson.

**2. ROLL CALL OF BOARD MEMBERS/DECLARATION OF QUORUM**

Present - Allan Johnson, Bill McClung, and Dave Karr. Others Present: Harry Jones, District Manager, Pat Watson, Administrative Assistant, Susan Thompson, Administrative Assistant. Nancy Jones, Pam Karr, and Kent Thompson.

**3. CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETING HELD ON  
December 10, 2022 Regular Meeting**

Mr. McClung moved to accept the Minutes of the meeting listed above. Mr. Karr seconded. Roll Call: Dr. Johnson, Mr. Karr, Mr. McClung. 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 noted the cash position at \$391K held by the Gila County Treasurer and National Bank of Arizona. He also noted that WIFA and NBA are holding a total of \$113K of restricted funds to be used by WIFA as Debt Reserves (if ever needed) and NBA is holding funds (under our control) for Replacement Reserves, so the total cash position was over \$500K. He noted that all liabilities of the District are more than covered by the current cash position, making the District in a strong financial position. Mr. Karr moved to accept the Treasurer's Report and Mr. McClung 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 18, 2023

**5b and 5c.- Revenues and Expenses and Budget vs. Actual Comparisons:** Mr. McClung indicated that most all income and expenses categories we're at or near expected levels YTD, with a couple exceptions. He pointed out that revenues related to both water impact fees and sewer impact fees were significantly under budget due to the fact that only one new home starting construction this fiscal year, instead of the 4 or 5 expected, noting that the homes not started in this fiscal year were actually started at the end of the prior fiscal year which had impact fees way over the prior year budget. Mr. McClung also pointed out we were significantly under budget on the amount of WIFA grant recognized over the eight months, pointing out the bulk of that \$100K grant was recorded in the prior year since the project was completed sooner than expect. Due to the good revenue and expenses performance, the District has gained \$15K in its cash position.

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

#### 6. DISTRICT MANAGER'S REPORT

**6a. Depth to Water and Well performance:** Mr. Jones reported the wells are doing fine, noting the Shallow well water level gained about two feet for several months in a row and four feet in the month of February. He showed that the Deep well depth to water was at 1,342 feet, just like the prior 7-8 months. Mr. Jones indicated both wells continued to perform as expected with the Shallow well at 39.1 gpm and the Deep well at 48.6 gpm, and both wells efficiency declining very gradually, as expected, as the pumps wear. He indicated it did not seem likely we would need to replace pumping equipment or other well facilities in the near term.

**6b. Water Usage:** Water usage was substantially less than the prior year and the prior month probably because of less use of home due to the heavy snow and rain the last several weeks. It was observed that water usage in February was substantially higher the prior fiscal years since more people were using their weekend homes due to Covid-19.

**6c. Expected Additional Hookups and Impact Fees:** Mr. Jones indicated that Nancy Hubbs of the Architectural Review Committee indicated she expects only one new home prior to the end of the calendar year, so Mr. Jones concluded we should probably not budget more than one in FYE 2024, noting that lot sales have diminished greatly the last six months. Nancy also noted the fact we still have 10 homes under construction. Mr. Jones explained that construction progress has been very slow the last six months due to labor and material shortage and because of excessive snow and rain, but he



## MINUTES

### PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT

PO Box 945, Pine, AZ 85544

March 18, 2023

expects many of the 10 homes will be completed by June 30, 2023 and that will allow us to start charging sewer fees.

**6d. Potential Leaks:** Mr. Jones reviewed several charts that are helping us better track leaks. He indicated he and the operators have suspected a significant leak over the last several months, and as of yesterday he thinks they have finally been able to locate it on a main going under a cul-de-sac that has been under snow or other water most of the last many weeks, with all bar ditches tending to be damp all the time. He indicated he thinks the repair, after further consultation with our operator, may cost \$2.K-\$5K to repair, depending on what we find when we cut and excavate the blacktop in the suspected area. That led to further discussion by all Board members as to possible damage to water mains by large truck traffic near the wells and tank and the use of our driveway during construction on Lot 111. Mr. Jones explained he didn't think heavy traffic was the cause of the leak to be repaired and it will be repaired as soon as weather permits and contractors are available. Susan Thompson, Administrative Assistant and a resident of the Pine-Strawberry District, noted several blogs are indicating some continued disarray with PSWID Board activities and loss of staffing. Board Chairman Johnson noted that poor publicity about water problems in the PSWID District does have a negative effect on our District and home values even though we are not part of that District.

**6e. Assessed Property Values for 2023:** Mr. Jones reviewed the significant increases in assessed values and indicated the following year will likely show solid additional increases once the 10 homes under construction are completed, noting however, that to fully be on the tax rolls normally takes 1.5-2.5 years from the start of construction. See attached County Assessor's report.

**6f. Status of District Insurance Policies:** See attached summaries of policy terms and costs. Mr. Jones noted that we renewed our fire coverage a month ahead of time since our agent and others have experienced difficulty in acquiring or retaining coverage due to recent ratings of extreme fire hazards in the Rim Country and much of California. Total costs of all coverage combined are up only a few hundred dollars for the following year including increase in limits on the tank and assets at the WWTP.

**7. 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**

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 2023-2024 budgeting process in early April. Mr. Jones suggested we consider a new service fee for customers that become so delinquent we need to file a lien (or to remove a lien), since the cost of doing those procedures is getting much higher in terms of fees, notary activities, and

MINUTES

PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT

PO Box 945, Pine, AZ 85544

March 18, 2023

filing at the County Recorder’s office. He commented Pat Watson has done an excellent job over the years managing the A/R balances and it is only rare that a lien needs to be filed, but we should try to generate revenues to offset that cost. Mr. Karr then presented results of a brief rate comparisons study he had completed compared to the Town of Payson, so we have an idea of rates charged by other towns or districts.

**8. DISCUSS AND TAKE POSSIBLE ACTION RELATED to proposed dates of special meetings for the 2023-2024 budgeting process**

Date for Manager and Treasurer to review first estimates – Early April

Date of Budget work study session – Whole Board - Mid-April

Date of adoption of proposed 2023-2024 Budget and Rate & Fee schedule- Early to mid-May to be presented to District Members at the June 17, 2023 Board meeting.

**9 CALL TO THE PUBLIC FOR ANY NON-AGENDA ITEMS RELATED TO DISTRICT AFFAIRS**

No comments from the public.

**10. CONFIRM ESTABLISHED DATE AND DESIRED TOPICS FOR THE NEXT REGULAR BOARD OF DIRECTOR’S MEETING(S) AS A REGULAR MEETING TO BE HELD**

June 17, 2023 – No Special Topics

**11. MOTION TO ADJOURN**

Mr. Karr moved to adjourn the meeting and Mr. McClung seconded. All say Aye and none say Nay. Motion Passed. The meeting was adjourned at 10:10 AM.

Submitted By: \_\_\_\_\_ Posted as of \_\_\_\_\_ M

After the Motion to Adjourn...The Board, several wives and husbands stayed to honor Pat Watson on her retirement after 14 years of service to the District as the Administrative Assistant. She was honored with a plaque, a letter of appreciation, flowers, a parting gift from the Board of Directors, a cake and some punch. At age 93, everyone wished her a happy and healthy retirement. Pat appreciated the thoughts and commented that this was the first time in her long working career she was honored with a retirement party.



---

**Assessed Property Values--Data for Next Budget**

1 message

**Harry Jones** <harryjoneshdjmgmt@gmail.com>

Sat, Feb 25, 2023 at 10:42 AM

To: Allan Johnson &lt;drajohnson@aol.com&gt;, Bill McClung &lt;mcclungb@cox.net&gt;, Tom Kelly &lt;tctmkelly@msn.com&gt;, Jim Crews &lt;Jim.Crews@cushwake.com&gt;, Dave Karr &lt;dkarr1973@gmail.com&gt;

Cc: Pat Watson and Susan Thompson &lt;pccdwid@qwestoffice.net&gt;

We have received our Gila County Assessor's net assessed values for tax year 2023:

| <u>Tax Year</u> | <u>Parcel Count</u> | <u>Net Assessed Value</u> | <u>% Change</u> |
|-----------------|---------------------|---------------------------|-----------------|
| 2016            | 179                 | \$3,009,198               | —               |
| 2017            | 181                 | 3,156,273                 | 4.89            |
| 2018            | 183                 | 3,273,128                 | 3.70            |
| 2019            | 200                 | 3,375,835                 | 3.14            |
| 2020            | 202                 | 3,467,500                 | 2.71            |
| 2021            | 203                 | 3,947,775                 | 13.85           |
| 2022            | 204                 | 4,191,385                 | 6.17            |
| 2023            | 204                 | 4,558,258                 | 8.75            |

The 17 additional parcels in 2019 were the result of the platting of the 18 lots in Elk Rim. The percentage change of 13.85% in 2021 resulted mostly from the first group of new Elk Rim homes and a few homes inside the gates reaching 60% of completion. The increases for 2022 and 2023 are a combination of Elk Rim and other new homes inside the gate progressing toward a certificate of occupancy.

Currently, similar to the last 6-9 months, we have nine homes under construction all inside the gates. The last home in Elk Rim was completed last month. Note that all the homes inside the gates do not add to the parcel count; they simply change from vacant parcels to new homes under construction or completed. As you all can observe, the last few months have been extremely slow in terms of completion of homes, mainly due to labor, materials, and weather issues. All of the nine under construction have water meters installed and are generating revenue, mostly all at the base water charge each month. The sewers will be connected as each house is completed, so the start of sewer revenue lags the water by about a year or so average construction time. I would estimate we may see an increase of another \$300K-\$400K of Net Assessed Values as the nine homes under construction hit the 2024 tax roles.

We have received impact fees (\$8.4K each) for only one new start since 7-1-22, the start of the current fiscal year. I have not received any further information on new starts, other than Nancy Hubbs projecting one more possible before 6-30-23, the end of the current fiscal year.

As we have seen, our cash position and assets under management have grown considerably the last several years due to collecting about \$250K of impact fees, having installed \$135K+ of water and sewer lines in Elk Rim, having installed \$300K of PRVs, and completed \$110K of new meter/pump station improvements with \$85K of forgiven debt.

As we approach the meeting on March 18, let's all think about possible adjustments in new impact fees, property taxes, and monthly rates we can consider for the next budget we will work on in April and May.

Harry D. Jones  
HDJ Management, LLC  
(928) 595-1111  
harryjoneshdjmgmt@gmail.com