

MINUTES

PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT

PO Box 945, Pine, AZ 85544

March 20, 2021

Regular Meeting

Date: Saturday, March 20, 2021

Place: Teleconference Only-Due to Covid-19 Social Distancing Requirements

Teleconference Number 1-877-594-8353, Participant Passcode 20932491#

Phone in participants will be placed on hold listening to music until the

Chairperson joins the meeting

Time: 8:30 AM

DRAFT

Until approved at a future meeting

1. **CALL ORDER**

The meeting was called to order at 8:30 AM by Mr. McClung.

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

Present - Jim Crews, Bill McClung, and Tom Kelly. Others Present: Harry Jones, District Manager, Pat Watson, Administrative Assistant. A quorum is declared. Allan Johnson joined at 9:05 AM and Dave Karr joined at 9:00 AM.

3. **CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETING HELD ON**

a. December 12, 2020 Regular Meeting

Mr. Crews moved to accept the Minutes of the meeting listed above. Mr. McClung seconded. Roll Call: Mr. Crews, Tom Kelly, and Mr. McClung. All say Aye. None say Nay. Motion Passed.

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

There was no public input.

5. **REPORTS**

Treasurer's Report

Mr. Crews commented that the Balance Sheet remained in a strong position with \$321K in cash and \$91K being held in our WIFA reserve accounts. The YTD Profit and Loss statement and Budget vs. Actual comparisons continued to be in a strong position with revenues \$61K over budget and total operating expenses being \$25K under budget, with total net income being \$87K over budget. Mr. Crews concluded the strong YTD financial performance was mainly related to the higher than expected impact fees collected on new homes recently constructed and the added revenues from regular monthly water and sewer fees on the new homes and higher than expected water sales due to more use of homes due to the COVID pandemic.

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

District Manager's Report

Mr. Jones reviewed the fact the static water levels and water usage by customers were very consistent with prior years and months, with the aquifers continuing to be normally productive and in good shape. The review of new hookups and future hookups to the system indicated we had received impact fees paid on 17 of the 18 Elk Rim homes and that we have nine homes currently under construction with impact fees paid, three homes paid for but not yet under construction, and about six homes that seem likely to be built in the next 12 months.

Mr. Jones added that the annual Consumer Confidence Report indicated no violation during 2020 is now ready to submit to ADEQ.

Mr. Jones reported that Mr. Anderson that owns the well by the exit gate has continued to maintain interest in talking about our use or ownership of that well and us possibly supplying backup water for his future development at the south end of Pine: however, he has had COVID and his regular businesses are very strong, keeping him from completing further discussion. To motivate Mr. Anderson to move forward soon, Board members suggested Mr. Jones tell Mr. Anderson that right now is the start of next year's budget process (to make funds available) and there is some question about his access to the well that should be cleared up.

Mr. Jones indicated the replacement of the programmable logic controller on the pump station was completed without major difficulties.

The Manager indicated he continues to have some conversations with the General Manager and Chairman of PSWID about long-term sales of excess water, but that they seem to be struggling with labor problems in the field, office and at the District Manager position, so they are not ready to move forward with discussions

Pat Watson reported the required update to the newest version of the El Dorado billing software (no updates for over 10 years) has gone smoothly and she has had good tech support for the changes caused by new screen layouts, etc.

Mr. Jones indicated he had reviewed the possibility of the District seeking a 100 Year Water Adequacy Report from the Arizona Department of Water Resources and that the requirements for such designations have become far more difficult and expensive, probably amounting to \$100K-\$150K cost. He recommended that when residents or potential buyers inquire about that topic, they should be informed about the unreasonable cost and the fact we are in a great position (we use 10-12% of our production capacity) in terms of reliable long run water supplies because of our two highly productive wells in different aquifers.

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Mr. Jones commented he has renewed our property and casualty/liability and umbrella insurance policies at the same cost and terms as last year, except he did add a terrorism benefit at a cost of \$27/year. The Officer and Directors liability policy is up for renewal next month.

6. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO ADDITION OF A SECOND 30 H.P.

Mr. Jones indicated he is gathering the costs to possibly add a second 30 hp fire pump to the pump station since we can currently only operate one fire hydrant at a time, possibly leaving us with an inability to rapidly deliver less than the maximum possible quantity of water from the large storage tank during a multi-house or forest fire. Mr. Jones indicated the pump station was originally built to be able to add a second fire pump and addition controls. It appears the cost, including a 15% contingency fund, would likely be \$30K or more, and it might require a new control circuit to coordinate the power requirements with a possible power limitation by the backup generator that would need to be used if APS cut off power during a forest fire (as has recently occurred in California). Mr. Crews commented that seems like a lot of money for an unlikely event, and that is somewhat like having both a belt and suspenders. Mr. McClung questioned whether the lack of adding another pump for more fire protection would increase the possibility of additional liability for the District if we failed to take action. Mr. Crews then suggested we table the matter and consider this expenditure as part of the budgeting process that will occur over the next two-three months.

7. In anticipation of preparation of the 2021-2022 budget, DISCUSS AND TAKE POSSIBLE ACTION ON A RECOMMENDED RETAINER AND HOURLY COMPENSATION FOR THE DISTRICT MANAGER.

In light of the upcoming budgets and long-standing relationship with Mr. Jones as District Manager, Mr. Crews, as the Treasurer, indicated it was time to review the compensation of the District Manager, so he made a motion, seconded by Chairman Dr. Johnson, that the monthly retainer be maintained at 26 hours per month, but the hourly rate for the retainer and the excess hours over the retainer be increased from \$55/hr to \$65/hr. Mr. Crews indicated the change in the hourly rate (not changed in 13+years other than in increase in the retainer of \$260/mo in 2018) would make the retainer go to \$1,690 per month effective 7-1-21. After a few comments from Board members, all the Board members voted to approve the motion as presented. Mr. Jones commented he appreciated the excellent long-term working relationship between himself and the Board members.

8. DISCUSS AND TAKE POSSIBLE ACTION RELATED to propose dates of special meetings for the 2021-2022 budgeting process.

Mr. Jones suggested we start the budgeting process for 2021-2022 fiscal year with the following schedule of telephonic (because of COVID) meetings:

- By April 9, 2021, Mr. Jones, Mr. Crews and Mr. McClung meet to go over first estimated and historical numbers prepared by Mr. Jones and Mrs. Watson. Included capital expenses might be purchase of the well by the exit gate.
- On April 17, 2021, hold a public work/study session for the whole Board and public to review the initial estimates of revenues, expenses, rates and fees, and capital plans for the next five years.

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- On May 8, 2021, hold a brief meeting to review any changes discussed during the work study session, and to then adopt the proposed budget to be published and the subject of the Budget and Rate Hearing to be held on June 19, 2021.
- June 19, 2021, hold the Budget and Rate hearing as part of the regular quarterly meeting.

The Board indicated that public participation in the budget meetings is encouraged. Mr. Crews suggested the Board members all think about the levels of reserve funds the District should be maintaining for the future.

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

There was no public present.

10. CONFIRM ESTABLISHED DATE AND DESIRED TOPICS OF THE NEXT BOARD OF DIRECTORS MEETING TO BE HELD:

April 17, 2021, Public work/study meeting

May 8, 2021, Review of budget and adoption of budget

June 19, 2021. Regular Meeting and Budget and Rate Hearing

No specific special topics were requested, however Mr. Crews indicated a couple of trees had fallen into the waste water pond at the entryway, and to have the Manager see if anything needed to be done in terms of removal.

11. MOTION TO ADJOURN.

Mr. Kelly moved to adjourn the meeting. Mr. Karr seconded. All vote Aye. The meeting was adjourned at 9:40 AM.

Submitted By: _____ *Posted as of* _____ M