

MINUTES  
PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT  
PO Box 945, Pine, AZ 85544  
December 10, 2022

Regular Meeting  
Date: Saturday, December 10, 2022

**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: 1:00 PM

DRAFT

Until approved at a future meeting

**1. CALL ORDER**

The meeting was called to order at 1:00 PM by Chairman Allan Johnson.

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

Present - Allan Johnson, Tom Kelly and Dave Karr and Bill McClung. Others Present: Harry Jones, District Manager, Pat Watson, Administrative Assistant, Susan Thompson, Administrative Assistant. Tom Jones, Resident.

**3. INTRODUCTION OF SUSAN THOMPSON.**

Administrative Assistant in training.

**4. CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETING HELD ON  
September 17, 2022 Regular Meeting**

Mr. Kelly moved to accept the Minutes of the meeting listed above. Mr. Karr seconded. Roll Call: Dr. Johnson, Mr. Karr, Mr. McClung and Mr. Kelly. All say Aye. None say Nay. Motion passed.

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

No input from the public.

**6. TREASURER'S REPORT**

6a. Mr. McClung agreed to have Mr. Jones discuss the financial status in the absence of Mr. Crews. Mr. Jones reported total cash of \$507K consisting of \$398K operating cash and savings account reserves held by Gila County Treasurer, plus \$109K in replacement and debt service reserves held by National Bank of Arizona. Mr. Jones also noted the new assets this quarter included \$6K for the new storage building at the WWTP, \$55K for new pump station upgrades, and \$56K for the water meter upgrade program.

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6b and c. Mr. Jones noted late charge fee collections this last month were slightly slower than in previous months with about double the number of accounts subject to late charges, noting no apparent major problems, simply just more customers only 1-30 days late. He noted fees for sewer installations and water meter installations were for only one vs. a projected three new home starts over five months. He noted one or two other new homes as were included in the prior fiscal year rather than this fiscal year due to being completed more quickly than expected. This resulted in operating revenues being \$13.8K less than budgeted.

Under Administrative Expenses, it was noted that the contingency account is where we are charging the expense for training and support from Susan Thompson. Total admin expenses were \$3.8K under budget.

Under Wastewater Expenses, it was under budget by \$4.7K for the five months YTD, mainly due to less outside services (electrician, sludge pumping truck, etc.) and repair parts required.

Under Water Operations Expenses, total costs were \$8.1K under budget, mainly due to \$4.4K less than expected for outside services. It was noted that total expenses were \$18.5K under and that everything is running smoothly.

Under Other Income, Mr. Jones explained property tax collections by the County Treasurer were about \$3K less than projected, maybe related to fears of a slowing/recessionary economy. Also, he explained the WIFA New Meter/Pump Station Grant was \$25.5K under budget because the project had been mostly completed in the prior fiscal year so more of the grant was recognized earlier than expected resulting in the prior year showing higher than expected grant revenues.

In summary, it was noted net income for five months was \$32K compared to an estimated \$59K, short mainly due to reduction of fees for new hookups and lower than expected WIFA grant revenue.

6d. The Board unanimously voted to approve the Check Registers/Cash Disbursement reports as presented.

#### **7. DISTRICT MANAGER'S REPORT**

7a. The depth to water in the shallow well is normal compared to prior years. Mr. McClung asked about the major drop in that level in 2010 and Mr. Jones explained that was caused at the time we drilled the deep well when we unfortunately temporarily intercepted the major fissure that was apparently supplying the water to the shallow well. Jones noted we have had normal expected depths to water levels since that event 12 years ago. It was reported that the depth to water in the deep well was within one foot of the level when it was drilled in 2010 and .04 feet of the level one month earlier.

7b. Well performance/efficiency was reported for both wells to be near normal but very gradually declining as pumps wear or water levels in the shallow well are gradually declining.

7c. Water usage was reported as being near normal, but up because of new customers on the system, with the number of new meters having grown from 88 in 2007 to 137 meters in 2022.

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7d. It was noted all homes in Elk Rim are now completed and are on both water and sewer services. Mr. Jones referred all participants to the report from Nancy Hubbs of the HOA who reported 12 homes inside the gate are still under construction, with only one new home pending approval for construction after the end of 2022. Mr. Jones noted we have already collected the associated connection fees on all these new projects. Mr. Jones also reported that the owners of Tract D have engaged realtors to market the 15 acres plus the other two small properties for \$1 million. Ads are now out in realty publications and development sites seeking developers looking for raw property in the desirable Pine market where reliable water resources are actually available.

7e. The Tuff Shed is now installed, but waiting for windows. Mr. Jones noted he will be improving the rock surface inside the WWTP gates to avoid future mud being tracked out onto the HOA roadways from inside the gates. He noted muddy surfaces have been caused by the drainage ditch inside the fence, and the HOA Road Committee has been cooperative in trying to solve that long-term drainage problem. At this point Mr. Jones presented a recent report on generator maintenance and heard discussion on the importance of keeping that backup power equipment in A-1 shape.

7f. Mr. Jones reported the new procedures for meter reading and recording of results are working fine, but there has been some struggles with a few simple but missing procedures that cause inefficiency in the monthly process necessary to generate customer bills. Also, the Manager concluded that it appears there is a significant reduction in unaccounted for water losses from about 13% to 8% over the last five months, probably caused by more accurate meter readings at low water flows. A board member commented PSWID was still suffering 35%-40% water losses compared to our District's normal losses. Mr. Jones reported this seems to result in total customer charges for excess water use above the total base charges going from an average of 6% to about 12% of typical base charge totals.

7g. In terms of the upgrades to the pump station, all is working well to give us more visibility of pump efficiencies for pumps in the wells and on the pump station.

7h. Mr. Jones said they have not strictly enforced the no parking ingress/egress driveway area at lot 111 by the well site since the contractors are being cooperative when building the new home. Tom Jones commented that the Road Committee is planning next summer to completely remove and replace the driveway pavement leading to the tank site, so at that time we will stencil the "no parking" on the new clean pavement. It was questioned and answered that the HOA is paying for this road work since they will be on site for other repairs anyway and they appreciate the good cooperation they receive from the water district.

7i. It was reported that the gas company is in the process of starting to repair the bar ditch across from lot 49 so that out sewer line in the same trench will be better protected from erosion in the future.

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7j. Mr. Jones noted the County Treasurer does not need any approval from our District for the line of credit against our uncollected (but already assessed) taxes and that the old credit line program is now automatic for all entities that have taxes collected by the Treasurer. No Board action was required.

7k. Mr. Jones indicated he has had about three-four calls over the last few months from land owners off Whispering Pines Road wanting to purchase water from our District so they can complete development of their properties. He indicates he continues to tell them our Board is not interested in selling water or having further discussion to individuals or small developments, but only for us to deal with the PSWID Board for help with the overall community, possibly making available enough water to serve 25%-33% of the water shortfalls they periodically have throughout the years. Jones indicated the 5-6 joint current owners of the 46 acres are in a horrible position of not being able to get water (due to the PSWID meter moratorium) since they have subsurface roadways built, and water, electric, and other utilities already installed underground. Besides they are in the middle of constructing a 1.5 acre pond 15-25 deep all out of what appears to be a solid rock hillside. Also, the owner's representative reported to Mr. Jones they don't know where they will get the water to fill the pond. Mr. Jones reported PSWID currently has out a call for bidders to build a new \$2.0 million deep well at replacement site (rather than K-2) and they plan to abandon the higher cost/lower risk drilling process like we used for our deep well. Also, they are also looking again at connecting to the Payson pipeline to try to bring water from C.C. Cragin reservoir on top of the Rim. So interest from the PSWID Board appears minimal at this time since no official Board representatives have made contact with PCCDWID for over 1-2 years.

7l. Mr. Jones and Pat Watson reported the transition and training of Susan Thompson, who was introduced to all the Board earlier in the meeting, is going well. Mr. Jones reported the transition efforts in terms of his own replacement over the next year or two so far consists of contacting local people to be aware of the opportunity (vendors, Town of Payson, Water Department Manager, etc.). He commented Jess Bill (as referred to Jones by Tom Kelly) who works for SRP and lives part-time in Elk Rim was interviewed and was very interested, but he is has decided he is not ready to retire from SRP for 3-4 years.

**8. DISCUSS AND TAKE POSSIBLE ACTION RELATED to APPROVAL OF THE ANNUAL CPA Financial Statement Review Report from Heinfeld Meech.**

Mr. Jones handed out copies of the CPA prepared financial review and everyone agreed they had been provided final draft copies. Mr. McClung commented he had reviewed that draft copy closely and that it was well done. Therefore, Mr. McClung made a motion to approve the report as presented. Mr. Kelly seconded the motion and it was approved unanimously.

**9. DISCUSS AND TAKE POSSIBLE ACTION RELATED to election of Board officers for the 2023 calendar year.**

Mr. Jones presented Mr. Karr, Mr. McClung, and Dr. Johnson with the certificates of appointment issued by the Gila County of Board of Supervisors) to their next four year terms on the PCCDWID Board of Directors. He noted that the previously required and planned election was cancelled by the Board of Supervisors due to only three

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nominees for the three positions that would be open starting January 1, 2023. He also supplied each new appointee (all current Board Members that are re-running) with a new oath of office they need to sign and have notarized and returned to the County Elections Department. After the formalities of appointment, the Chairman opened discussion on the PCCDWID officer positions that need to be filled by the Board each calendar year. Mr. Jones indicated he had talked to Mr. Crews who had talked to Mr. McClung where they might like to have Mr. McClung become the Treasurer, the position Mr. Crews has held for twelve or more years. Mr. McClung agreed that would be fine if others agreed. Mr. Jones commented Mr. McClung had participated closely in all budgeting meetings over the last several years, so he is quite familiar with the details of the financial affairs of the District. Dr. Johnson then commented that if that was the desire of the Board, we would need to need to have another Board member assume the Secretary position currently held by Mr. McClung. Mr. Kelly and Karr both indicated they could help if necessary, but they would maybe prefer that Mr. Crews, based on his long-term Board experience, accept that new position. Mr. Jones indicated that Mr. Crews, who knew he would not be able to attend the meeting, had previously stated if that was everyone desire he would accept the role of the Secretary. The roles and responsibilities of the Treasurer and Secretary were discussed as was the overall desire to retain Dr. Johnson as Chairman. Next Mr. Kelly made a motion, seconded by Mr. McClung that the slate of officers nominated would be Dr. Johnson as Chairman, Mr. McClung as Treasurer, and Secretary as Mr. Crews. A voice vote was taken and all said Aye. None said Nay. The motion passed.

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

No comments from the public.

**11. MOTION TO ADJOURN**

Mr. Kelly moved to adjourn the meeting and Mr. Karr seconded. All say Aye and none say Nay. The meeting was adjourned at 2:00 PM.

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