

Board of Directors of The American Ranch Domestic Water Improvement District
April 17, 2018 - 10:00 a.m. at
The American Ranch – Ranch House
9500 American Ranch Road, Prescott, Arizona

District Board Meeting Guidelines: The meeting will be held in accordance with A.R.S. Title 38 Open Meeting Laws. Board and attendees participation shall be civil and courteous. Any disruptive behavior could result in removal from the meeting. Comments and questions from the public shall be called upon by the Board Chairman, and shall begin with stating and spelling of the speaker's name and address. All comments and questions shall be directed to the Board Chairperson. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Jennifer Bartos, Improvement District Services, Inc. at (928) 443-9484. Requests should be made as early as possible to allow time to arrange the accommodation. Requests for copies of Board Meeting minutes or other District documents, inquiries, or complaints should be submitted in writing to: Improvement District Services, Inc., 3603 Crossings Drive Prescott AZ 86305.

Call to Order – Cynthia Baker, Brent Matthews, Bill Yates, and Monte Anderson. Jason Gisi absent. Also present and participating: Bob Hanus, Environmental Biomass Services; Jennifer Bartos and Dakota King, Improvement District Services; Tiffany Taylor, HOAMCO; Jerry Breurer, community member.

1. Discussion and possible action to consider accepting Jason Gisi's resignation from the Board of Directors.

Brent Matthews asked about the final line of the resignation, to which Jennifer stated that it was in reference to the amount of information needed for the resignation. Cynthia stated that the Jason Gisi's position will be up for election in November. Jennifer clarified that if there is no more than one person per position, the election is cancelled. Jerry Breurer asked if a board member resigned, that someone would be put into the position temporarily, to which Chairman Baker stated that they would appoint someone to the position until the election in November. Chairman Baker stated that Director Gisi's resignation should be announced via the website and the standard e-mail blast from the HOA. She would also like to note the length of the appointment and note that the position is up for election in November.

Motion: made by Director Yates to accept Jason Gisi's resignation from the Board of Directors, second by Director Matthews. Unanimous Approval.

2. Discussion and action to approve the Call of Election for two Board Member positions for the November 2018 election.

Director Matthews asked what the two positions were, and Jennifer responded that it is Vice-Chairman Anderson and the vacant position left by Jason Gisi.

Motion: made by Director Matthews to approve the Call of Election for two Board Member positions for the November 2018 election, second by Director Yates. Unanimous Approval.

3. Discussion and possible action regarding the monthly operations report from Bob Hanus of Western Environmental Technologies regarding the operation and maintenance of the water and sewer facilities and status of projects.

Bob Hanus reviewed the status of the treatment plant. He stated that he is starting to reach capacity, and is looking to increase the capacity to 12,000 gallons. He stated they are currently at 7,300 gallons. Vice-Chairman Anderson mentioned that there is an overflow that is being caused by the large amount of reuse that is being sent to the lake. Chairman Baker stated that the HOA had discussed putting in a pipeline from the lake to the drylands in an attempt to spread out the reuse water. Tiffany Taylor stated that the HOA engineer stated that it was possible to build a line to move the reuse water. She also stated that starting using the reuse earlier in the year will also reduce the amount of reuse. Bob Hanus stated that the reuse water is not intended to be discharged, and the DWID does not have a permit to discharge. Director Yates stated that he finds the overflow quite surprising, because they are originally intended, at full build-out, that the reuse

would provide for about 25% of the necessary water for the lake. Vice-Chairman Anderson stated that it may be a good idea to work with the HOA for a solution of the overflow of the reuse. Jerry Bruerer stated that he finds it confusing that the reuse would be pumped to the lake, then the extra water would be pumped elsewhere. Bob Hanus stated that they are currently sending out about 7,400 gallons in reuse per day. Vice-Chairman Anderson restated that he would like to work with the HOA to solve the issue of the excessive reuse. Chairman Baker summarized that they want to know what irrigation areas are being irrigated by the lake, which areas can be added on, if fresh water has been being pumped recently in addition to the reuse, that Bob Hanus should represent the District in working with the HOA on the excessive reuse, and would like to look at a long term solution as the amount will inevitably increase as American Ranch continues to be built-out.

Jennifer recalled that the original developer was talking about creating reuse lines to the ranch camp, but couldn't produce enough reuse to send it to the camp as well as the lake. Jennifer stated that she would get a copy of the reuse permit.

Bob Hanus stated that there is an issue with water pressure on Equine Road. He stated that the water pressure is being lost going through the backflow preventer. Bob stated that he pulled off the old one and put on a new one, and the pressure reading was the same. Bob stated that there was an acceptable minimum pressure standard of around 50 psi on the residence side of the back-flow. Jerry Brueur stated that he lives in the area, and his water pressure is great. Bob Hanus stated that, upon testing other houses in the area, only Equine Road is having a water pressure loss of 10 psi. Jennifer stated she would research and find what the minimum acceptable pressure set by the ARDWID.

Bob Hanus also stated that he got into contact with one of the organizations who would supply the remote-read meters, but they did not supply exactly what the District is looking for. Chairman Baker stated that the drive-by meters were another option, but Bob stated that the drive-by meter would not be able to detect leaks. Bob talked to two different companies and established that the antennas, at \$60,000 each, are the most expensive part of using the new system. Director Yates stated that the current system and the drive-by reader is affordable, but getting the remote-read with leak detection is more of a customer boon. Chairman Baker stated that she does not see a problem with spending the money because of its long term effect, and asked if this amount was included in the draft budget. Jennifer stated that \$70,000 is included, but also stated that the capital reserve can be used for this project. Vice-Chairman Anderson stated that he would like to see a one-page report that has a quote of everything the DWID would need, and Bob stated that the companies would need to do a propagation study. Bob stated he would call additional companies for other quotes.

Vice-Chairman Anderson entertained the idea of putting the monthly water quality reports on the website. The Board directed Improvement District Services to begin putting the report on the website.

4. Discussion and possible action regarding the Memorandum of Understanding and Variance for wells by the American Ranch HOA.

Director Yates stated that he does not wish to bring any action regarding the MOU. He stated that the Board should state that they had no involvement in the variances to the MOU.

Motion: made by Vice-Chairman Anderson, to insert the following statement in the current minutes: "The Board wishes to clarify that they had no involvement in the variance issued by the HOA". second by Director Yates. Unanimous Approval.

5. Discussion and possible action to adopt the FY 2018/2019 tentative budget, rates and fees, and if appropriate set the hearing date and time.

The Professional Services – CPA will be reduced to \$0 for the FY 18/19. The tentative date for the hearing, June 6th at 6:00 PM, will be strictly for the budget hearing.

Motion: made by Director Yates to adopt the FY 2018/2019 tentative budget, rates and fees, and set the hearing date and time as June 6, 2018 at 6:00 PM, second by Vice-Chairman Anderson. UA.

6. Discussion and possible action regarding administrative issues to include:

a) Approve meeting minutes of January 10, 2018;

Motion: made by Director Yates to approve the meeting minutes of January 10, 2018, second by Chairman Baker. Unanimous Approval.

b) Approve checks written since January 2018.

Motion: made by Director Yates to approve the checks written since January 2018, second by Director Matthews. Unanimous Approval.

Public Comment Period: The public will be given the opportunity to comment to the Board of Directors on non-agenda item issues pertaining to the District. This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Two minutes will be allowed for each speaker.

Jerry Breuer – Asked a question about the tentative budget. Jennifer stated that she would sit down with Jerry to discuss any questions. He also wanted to thank the Board for their contribution to the DWID.

Motion: made by Vice-Chairman Anderson to adjourn, second by Director Yates. Unanimous Approval

American Ranch Domestic Water Improvement District
Fiscal Year 2018-2019 Tentative Budget

4-17-18 ADOPTED

Exhibit A

	EXPENSE	FY 17/18 Budget	4/1/18 Actual	12 Month Estimate	FY 18/19 Budget
O&M Expense					
Administrative Expense					
1	ADEQ Registration	\$3,500	\$1,435	\$3,500	\$3,500
	Administrative Services				
2	Activation Fees	455	905	1,140	600
3	Additional Admin Services	100	0	0	100
4	District Admin Contract	42,721	32,041	42,721	42,721
5	Reimbursed Admin Svcs	1,650	1,190	1,587	1,650
6	Annual CCR - Water Quality Report	1,105	0	1,105	1,105
7	Attorney Services	1,800	0	0	400
8	Elections/County Reimbursement	0	0	0	4,800
9	Insurance	11,270	11,526	11,526	11,550
10	Office Supplies	200	0	0	200
11	On-line Payment Processing	850	301	378	450
12	Bank Charges	0	45	50	100
13	Postage	200	0	200	200
14	Professional Services - CPA	0	0	0	0
15	Publishing - Newspaper	450	0	450	450
Operating Expense					
16	Alarm System Monitoring	965	563	751	965
17	Artificial Rocks for Backflow	0	0	0	700
18	Backflow Testing Program	2,800	3,195	3,195	4,800
19	Chemicals	3,000	2,594	3,459	3,500
20	Electricity	21,000	12,878	17,171	18,000
21	Emergency Services	5,500	0	5,500	5,500
22	Exercise Valves	3,550	0	3,550	3,750
23	Freeze Protection	450	0	450	200
24	Generator Repair & Maintenance	3,305	567	3,305	3,350
25	Hauling & Disposal	9,000	0	9,000	10,800
26	Lab Analysis	9,000	7,962	10,616	9,000
27	Lab Equipment	1,200	1,654	2,205	1,500
28	Meter & Backflow Installation	3,000	3,219	4,292	4,000
29	Operating Equip & Supplies	32,800	8,000	10,667	18,000
	Operator Services				
30	District Operator Contract	73,034	48,546	73,034	75,225
31	Operator Overtime	1,400	1,288	1,400	1,400
32	Remote Read Meter Replacement	0	0	0	70,000
33	Sewer Line Flushing	2,800	0	2,800	3,000
34	Telephone	2,940	2,091	3,860	3,900
35	UV Bulbs - Sewer	500	0	500	500
36	Water Line Flushing	1,300	0	1,300	1,400
37	Water Truck	0	375	375	1,000
38	Sales Tax	5,000	0	5,000	5,000
39	Contingency	24,685	723	723	26,682
40	Reserve	<u>18,728</u>	<u>0</u>	<u>0</u>	<u>20,373</u>
41	Total O&M Expense	\$290,258	\$141,098	\$225,809	\$360,371

		FY 17/18	4/1/18	12 Month	FY 18/19
CAPITAL Expense		Budget	Actual	Estimate	Budget
42	Capital Reserve Fund	\$120,089	\$0	\$0	\$145,430
43	Capital Contingency	0	0	0	0
44	Total Capital Expense	\$120,089	\$0	\$0	\$145,430
45	TOTAL EXPENSE BUDGET	\$410,347	\$141,098	\$225,809	\$505,801

		FY 17/18	4/1/18	12 Month	FY 18/19
REVENUE		Budget	Actual	Estimate	Budget
O&M Revenue					
46	Activation/Transfer Fee	\$1,950	\$1,845	\$1,995	\$1,950
47	Ad Valorem Tax	0	0	0	0
48	Collections	1,650	1,080	1,440	1,500
49	Interest	200	460	613	400
50	Permit Fees	500	2,000	2,000	500
51	Miscellaneous O&M Income	0	70	70	0
52	User Fees - Unconnected	62,640	46,640	62,187	60,480
Sewer O&M					
53	Reuse Income	2,500	994	1,325	1,300
54	User Fees - Commercial - Sewer	41,064	30,806	41,064	41,064
55	User Fees - Residential - Sewer	32,400	26,382	35,176	35,520
Water O&M					
56	Sales Tax - Water	5,000	3,296	4,395	5,000
57	User Fees - Commercial - Water	37,617	33,313	44,417	33,000
58	User Fees - Residential - Water Usage	48,070	12,019	15,000	15,000
59	Residential Base Fee	0	32,049	45,375	50,820
60	Total O&M Revenue	\$233,591	\$190,954	\$255,057	\$246,534

		FY 17/18	4/1/18	12 Month	FY 18/19
CAPITAL Revenue		Budget	Actual	Estimate	Budget
61	Hook up Fee	\$6,000	\$24,000	\$24,000	\$6,000
62	Interest	425	775	850	850
63	Total Capital Revenue	\$6,425	\$24,775	\$24,850	\$6,850
64	TOTAL REVENUE BUDGET	\$240,016	\$215,729	\$279,907	\$253,384