

ICR WATER USERS ASSOCIATION
Board of Directors Meeting, ICRWUA Pump House
April 28, 2015 Meeting Minutes

Approved

Those Present:

Board Members:	Contract Staff:
Jimmy Stoner, President	Pat Carpenter, aQuality Water
Harvey Roberts, Vice President	Bill Meyer, Hydrologist
Tom Sullivan, Treasurer	
Curt Anderson, Director	
Diane Trocchio, Secretary	

Member Guests: Ron Erps, Barb Hilb, Chris Stoner, Gene Leasure, Tom Blair

1. **Call to Order** –

Jimmy Stoner called the meeting of the ICRWUA Board of Directors to order at 9:01 A.M.

2. **Roll Call of the Board** –

Roll call of the Board was taken. All present.

3. **Approval of the 4/28/2015 Agenda** –

Motion: Jimmy Stoner made a motion to accept the 4/28/2015 agenda as distributed, Curt Anderson seconded, motion approved.

4. **Review and Approve Minutes of the 3/24/15 Board Meeting** – minutes were previously distributed to the Board and corrections made via email.

Motion: Diane Trocchio made a motion to waive reading of March 24, 2015 meeting minutes, Jimmy Stoner seconded, motion approved.

Motion: Diane Trocchio made a motion to accept the minutes of the March 24, 2015 meeting, Jimmy Stoner seconded, motion approved.

5. **REPORTS**

OPERATOR’S REPORT –

Pat Carpenter reviewed his April 2015 Operator’s Report ([click here](#) to view Operator's Report). The following is additional detail relating to the report which was submitted and posted on the ICRWUA website:

- a. Molly Way Boost Station: During the flushing and exercising of the fire pumps the VFD (variable frequency drive) faulted on pump #3. We have been unable to clear the fault. It is part of the Flowtronex system. It's not critical, it's for one fire pump but we have 2 other fire pumps. John Patton of Enviro Tech is going to come out and trouble shoot this week.
- b. Cooper Morgan Boost Station: The booster pump seals were replaced.
- c. Cooper Morgan and Whispering Canyons Water Tank Cleaning & Inspection: The divers cleaned and videoed the tanks and the report should be available in 30-45 days (we have the videos on CD). Upon receipt of the report, Pat will review it in conjunction with the videos. There are some concerns with the Whispering Canyons Tank (“barnacles” on the bottom).
- d. Valve can riser repairs: We're coordinating with Steve Norris and the County (Yavapai County roads) because some valves will need excavation to be sure they're not leaking. We are ordering the parts that will be needed. Expecting to start by the end of the month.
- e. Flowtronex: They are still unresponsive to our calls. Pat suggested that we hire a computer programmer to build our own program.

Action Item: Jimmy and Pat will meet with Clint Poteet to determine the next step and who to contact regarding repairing the computer program at the Molly Way boost station.

FINANCIAL REPORT –

ICWUA March 2015 Financial Summary Report – Tom Sullivan previously distributed the report for Board review via email ([click here](#) to view report).

- The P/L Income Statement:
 - Revenues were weak and expenses were high. This is the time of year that we have lower revenues, which improve during the summer. Our legal/professional expenses were high due to the legal fees incurred defending our interests with the Whispering Canyons Developer.
- Balance sheet:
 - Total Current Assets decreased from February 2015 to March 2015 due to increased expenses.
 - Net Current Assets decreased from the previous month.
 - Current Assets minus Current Liabilities decreased from the previous month.
- Cash Flow:
 - We had a deficit of \$31,027.
- Water revenues: revenues were down in March 2015 versus March 2014.
 - Residential revenues were down.
 - Commercial revenues for March 2015 were up from March 2014 (Tom noted an error on this line item. The delta for Commercial is a +\$559).
 - Lake Fill/Golf Course Revenues: There was a large decrease in water revenues of ~\$6,000, which is 79% lower than March 2014. This follows a month that experienced a 59% decline from the previous year.

Motion: Tom Sullivan made a motion that the Board approve his March 2015 Financial Summary with the correction noted, Jimmy Stoner seconded, motion approved.

Motion: Tom Sullivan made a motion that the Board accept the March 2015 Financial Report provided by Wallace & Associates, Jimmy Stoner seconded,

Discussion: Harvey commented that he was surprised by how much has already been used from the Molly Way Settlement funds. Some of the costs were reviewed briefly.

Vote taken: motion approved.

February 2015 Summary/Report corrections - Tom stated that there had been an error on the income statement on the assignment of property taxes. Cheryl corrected that on the revised report she sent to the Board. There was also an error in the Tom's Financial Summary on the line item Repairs/Maintenance in which the expenses for TRR and ICR were transposed. All corrections have been made. – ([click here](#) to view report)

Motion: Tom Sullivan made a motion that the Board approve his February 2015 Financial Summary Report with the corrections made, Jimmy Stoner seconded, motion approved.

Motion: Tom Sullivan made a motion that the Board accept the revised February 2015 Financial Statement provided by Wallace & Associates, Jimmy seconded, motion approved.

Budget Summary & Report: First Quarter 2015 – ([click here](#) to view report)

Revenue: Budgeted estimated revenues were \$7,090 less than budgeted. The surprise was the Lake Fill revenue, which was actually ~\$9,500 and the budgeted anticipated amount was \$16,000.

Expenses: Electrical power costs were in line with those anticipated in the budget for ICR. However TRR's electrical expenses were \$3,210 less than budgeted. This is in keeping with the fact that less water was pumped which would require less electrical power. There were small variances between budgeted and actual expenses for most of the other line items. Total expenses were \$164,835. Total budgeted anticipated expenses were \$171,053. With Net Income some of

the variances cancelled each other out; Actual was \$(97,280) and budgeted amount was \$(96,493).

Motion: Tom Sullivan made a motion that the Board approve his 2015 First Quarter Budget Summary Report and accept the financial information provided by Wallace & Associates, Jimmy Stoner seconded, motion approved.

CD's – The CD's are approaching maturity. The monies in the CD's are from restricted accounts. Tom suggests that we renew them. Harvey researched interest rates and the Board discussed whether we should seek higher interest rates from other banks. The current bank may be willing to negotiate a better deal with respect to interest rates and/or lower fees. The Board agreed that Tom and Harvey will investigate the options for renewing the CD's and take appropriate action.

Action item: Tom Sullivan and Harvey Roberts will investigate moving vs. renewing CD's and have the authority to take action they determine is appropriate.

Delinquencies: None

Reimbursables (invoices for TRR and WC): We received invoices from Civiltec for plan review for future Phases of TRR and future Phases of WC. The work for Phase 11 in TRR has been completed. Cheryl has sent TRR an invoice for those engineering services. We, also, have invoices from Civiltec for work done in WC. Civiltec performed this work in 2013 and again additional work was performed in 2014 to update the report. We have not sent these invoices to WC due to the discussions between ICRWUA and WC with respect to issues and the lawsuit. Tom and Jimmy have an action item to resolve the invoices for WC. We will discuss, with our attorney, the advisability of sending the invoices at this time due to ongoing settlement negotiations.

Action item: Tom Sullivan and Jimmy Stoner will review the engineering invoices and instruct Wallace & Associates regarding preparation of invoices to be sent to WC and TRR.

COMMITTEE REPORTS -

ARC Report – Ron Erps represented the Architectural Review Committee (to view March 2015 minutes [click here](#)). Ron stated that the ARC is changing its practice regarding complaints; all complaints in the future must be submitted in written form only. The complainant that was not satisfied with the ARC determination has not shown up at any of the specially scheduled meetings to address this issue. In mid-April the ARC's attorney sent a letter to the complainant regarding the status of the complaint and the complainant's conduct. It was sent via registered mail. Ron is unaware of whether the complainant accepted the registered letter. The ARC has not received a response from the complainant.

Jimmy inquired as to whether the open meeting law information provided to the ARC has been distributed to the ARC members. Ron stated that it hasn't happened as of yet. However, Ron attended a meeting with Eileen and others from the committee with Atty. Atkinson, at which time Atkinson distributed a booklet that his firm prepared for committees such as the ARC as to whether they fall under the Arizona's Open Meeting Law. The information imparted seems to be contrary to the information that ICRWUA's Board has received. Jimmy requested to see the booklet and to schedule a meeting with ARC representatives to further discuss the issue.

Operations Committee Report – Harvey reported on the Operations Committee:

- 1. Conservation booklets & CD's for new customers:** Updates completed. Cheryl has the materials for distribution. If the customer doesn't have a CD/DVD drive they will be directed to the ICRWUA website to obtain this information.
- 2. Whispering Canyon (WC) and Cooper Morgan (CM) Tank painting:** Last year we inspected the water tanks. We found a lot of rust on the WC tank but not as much on CM. We had WC tank painted this year and deferred the CM tank. Harvey has brought CM tank up as a potential new repair item for this year. Further discussion will be deferred to the next Operations Committee meeting.

- 3. Neptune Remote Read Meters:** Harvey, Jimmy and Curt made a visit to the Cave Creek Water Company. They have ~5,000 customers on these meters. They have a laptop computer and an antenna; they drive by and “excite” the meters. The data goes to their database, which goes to the billing department and the bill is generated. ICRWUA is a much smaller system; however, at full build out we will have ~2,500 customers. Harvey suggested that all new meters be RFI capable. He has not received a quote from Mike Ellis for the cost of these meters. We, also, need to identify those meters that are 10 years old or that have had a million gallons of flow, which should be replaced. Harvey suggested developing a priority list. Cheryl stated that we don’t have any meters that have reached the million-gallon point. Pat pointed out that sporadic replacement of meters would be challenging for meter reading, would require more time and possibly result in more expense. Curt concurs with Harvey’s impressions. However, he is concerned that Derek may have a similar problem as he has with the “handheld” that he’s currently using. Due to problems we had with our current handhelds, as required by the Board, Derek writes readings by hand and then inputs them. Cave Creek is very satisfied with the system. They have different requirements and regulations than we have, ICRWUA is a private company, whereas Cave Creek is a municipal utility that sets their own rates and are not governed by the Arizona Corporation Commission (ACC). They have a larger margin than we do. The meters enable them to download the meter’s history; they can graph the use and provide the information to the customer. It’s helpful to be able to show the customer this information and demonstrate whether there may be a leak. We need to consider how this impacts our system and finances.
- 4. Water Usage Reports for March 2015:** Water usage reports were distributed via email to the Board prior to the meeting ([click here](#) to access March 2015 report).
- Average use per residence was:
 - ICRanch/Whispering Canyons/Preserve: 144 GPD/residence
 - ICRanch: 142 GPD/residence
 - Whispering Canyons & Preserve: 149 GPD/residence
 - Talking Rock Ranch: 88 GPD/residence
 - ICR system
 - Net difference of total water delivered and sold:

This is the third month in a row that we’ve delivered more than we’ve sold for an average over the past 3 months of 9% per month. This is running too high for too long. Bill met with Pat and Derek and they plan to look for a leak in the water line from the well field to the Magner tank. This will be determined by pumping water from the well field to fill the Magner tank, measuring the amount of water pumped and the amount that is delivered to the tank. This will be conducted tomorrow. If there is no loss, within meter accuracy, then we will measure the water pumped from the boost station to the WC tank and do the same thing. Assuming there’s no loss in the lines without customers, then it would mean we have a loss within our customer system and then we’ll determine how we will evaluate that.
 - TRR system
 - Commercial use and Lake Fill/Golf Course use was low. Construction was 38,340 showing activity in construction.
- Water levels:** Our water levels in our wells have realized a gain from the rains that we’ve had and Mink Creek flowing. The water levels have risen 11’. It’s worth tracking; can be a bump or a long-term rise. We have experienced this previously when Mink Creek is flowing.

Pump order: Bill plans to reverse the use of the well fields in TRR. As of June 1st well #2 will be the lead and #1 will be the second/backup.

Tank cleaning: We lost a lot of water during the tank cleaning. We should determine the amount to be included in next month's pumping summary

Asset Committee Report – Nothing new to report; still working on property tax allocation.

Website Report - Curt Anderson stated the website will be up-to-date by Wednesday. Harvey suggested that the updated map of the water system and some photos of some of the buildings be posted on the website. The Board concurred.

Old Business -

1. Review of Action Items – The status of nine (9) items was changed to “done” and one (1) was changed to pending.
2. Talking Rock Ranch (TRR) development:
 - Phase 11: Phase 11 is not being pursued. TRR has been invoiced.
 - TRR is updating plats for phases 12 & 13. Civiltec has reviewed Phase 12 & 13. Most of review of 12 is done and we have gotten comments back from TRR's engineer. Civiltec has to review their comments and when all issues are resolved Tom and Jimmy will sign the water service agreement. Phases 11 & 12 will be invoiced separately.
3. Whispering Canyons (WC) status: The lawsuit is on hold. Late last Friday, Whispering Canyons/Old Capital provided a possible settlement offer to our attorney, which we received on Monday. It has been distributed to the Board. It's something we can work with.

New Business–

1. Civiltec:
 - We've completed our efforts for TRR Phase 11.
 - We are in the process of completing our efforts, separately, for Phases 12 & 13.
2. Annual Meeting Date: scheduled for May 9, 2015. Posted on website ≥ 30 days prior to the meeting per meeting notification requirements. A postcard was, also, sent to customers announcing the meeting.
3. Pump house use for meetings by outside groups: Jimmy spoke with our insurance representative, Bill Weber. In order to use this facility a group, such as Quality Home Management (QHM), will need to provide an insurance certificate, naming ICRWUA as covered under QHM's insurance policy. The majority of attendees will be water company customers/owners. Jimmy communicated this information to QHM. Discussion followed regarding whether other groups should be permitted to use the building and what policies & protocols should be instituted.

Action item: Tom Sullivan will put together some suggestions for policies and protocols for the use of the ICR pump house by groups other than the ICRWUA.

Pending Actions: None

Public comment session – No comments

Motion: Diane moved to adjourn the meeting; Jimmy seconded; motion carried. Meeting was adjourned at 11:22 A.M.