

**ICR WATER USERS ASSOCIATION**  
**Board of Directors Meeting, ICR Sales Office**  
**April 26, 2011 Meeting Minutes**

Approved

Those Present:

**Board Members**

Bill Meyer, President  
Jimmy Stoner, Secretary  
Tom Sullivan, Treasurer  
Curt Anderson, Director

**Contract Staff**

Pat Carpenter, aQuality Water  
Derek Scott, aQuality Water  
Cheryl Ibbotson, Wallace & Assoc.

**Member Guests**

Eileen McGowan	Charles O'Brien	Shirley Leasure	Harvey Roberts
Dayne Taylor	Clint Poteet		

1. **Call to Order** - The meeting of the ICRWUA was called to order at 9:15 A.M. by Bill Meyer.
2. **Roll Call of the Board** – Roll call of the Board was taken with one absent, John Payne on vacation.
3. **Approve the 4/26/11 Agenda**

**Motion:** Jimmy moved to accept the Agenda; Tom seconded.

**Discussion:** Bill stated that we had previously agreed to move the ARC report up to the first item under reports, and this agenda still shows it as being the last under committee reports, so he wanted the Board's approval to move the ARC report permanently as the first under reports, ahead of Operator's Report. The Board agreed.

**Motion:** Bill moved that we correct the draft Agenda by moving the ARC report up to first under reports, and that we approve the rest of the Agenda as amended; Jimmy seconded; motion carried.

4. **Review Minutes of the March 22, 2011 Board Meeting.**

**Motion:** Jimmy moved to waive reading of the 3/22/11 Minutes; Tom seconded; motion carried.

**Motion:** Jimmy moved to accept the 3/22/11 Minutes as distributed; Curt seconded; motion carried.

**5. Reports**

**ARC Report** – Eileen McGowan advised that performance budget is down to \$100 since they reimbursed \$750 to a builder. She received a call from a neighbor who has issues with a neighbor who is a renter, and they are going to be dealing with that in their next meeting. They also are going to be working on a newsletter so they know who their representatives are. She talked to Cheryl Ibbotson, who agreed to let the newsletter go out with the water bills next month. Charles O'Brien asked Eileen if they contact the owner of the rental property, or if they go directly to the renter. Eileen advised that they will write a letter to the homeowner, with a copy to the renter. The homeowner is the person responsible for who he is renting his house to, so the letter from the ARC will go to the owner.

**Operator's Report** – Pat Carpenter stated they are having a problem with the clay valve on the ICR Well No. 1, and it will not close all the way and bleeds back from the tank. The only way they knew about it is there is a lady who lives down there and she called Derek to go out and open the valve up. Pat recommends having a factory rep come up and look at it. This is the same clay valve that was fixed recently. Derek explained that the way the valve operates is that when the well comes on, there is an electronic circuit and its also got a fresh water feed that causes that valve to slowly close so you're not getting a major water hammer. The water pumps out to atmosphere until that valve closes slowly and it slowly moves that column of water to the tank and closes. When the well shuts off, the pump keeps running and slowly slows the water down so it comes to a stop slowly. Everything is powered through two little needle valves and the fresh water supply coming back from the other side of the check valve contains sediment or sand, whatever gets caught behind that check valve, so it gets trapped in that line. One little piece of sand will cause that valve to stick open or closed. What should have happened is that whole assembly line should have been cleaned out when that valve was rebuilt. Now, it's getting more and more sand and debris back in the needle valves. Bill suggested we need to see what it will take to clean the line so this doesn't happen again. aQuality will check on this and get an estimate. Derek said that cleaning the line will not be a permanent fix because that well has been producing silt and sediment for its lifetime. When the well shuts off, all the debris that is coming down the line is settling behind that check valve. Cleaning it once may last two years or it may last five years.

***Action Item: aQuality will check with the factory rep to look at the ICR Well #1 clay valve and determine what it will take to clean the line and the cost of doing so.***

Pat advised that the Chlorine pump for ICR Well No. 2 is bad, so they have ordered a new pump two weeks ago. The well is offline until the pump arrives. They also ordered a rebuilt kit for the one that is bad so they will have an extra one as a backup. Pat believes it will be about a week before the well is back on line. The pump cost \$624 and the parts were about \$100.

Pat had Lewis Electric look at one of the boost pumps in the Magner (Whispering Canyon) boost station. The pumps are vertical and the motor sits on top of them. The top bearing on one of the motors is making noise. He received a quote from Lewis Electric, which is \$380, to fix it on site. A new motor is \$1,720, plus freight. Pat thinks if the bearings are changed, the motor will last a couple more years or longer. The Board agreed that Pat Carpenter should have Lewis Electric repair the existing motor.

Pat also had Lewis Electric take the jockey pump motor at the Molly Way boost station back and check it. The cost for repairing the jockey pump motor is \$235, and then we'd have a back up at Molly Way. The Board agreed to this repair as well.

***Action Item: Pat Carpenter to contact Lewis Electric to have them repair the boost pump in the Magner boost station, and repair the jockey pump motor at the Molly Way boost station.***

Pat advised that the master meter at the Red Boost Station (Cooper Morgan) has been returned and installed. Derek flushed the Molly Way lines, which took 3 hours and approximately 20,000 gallons of water to keep the chlorine residual up. That will probably be a monthly event. Derek explained that the tank is as low as it can go and still function. Derek read the meter before he flushed and after he flushed. He is going to set up a hydrant meter so he can calculate each event.

Pat Carpenter recommended the Board have aQuality to keep more water in the tank, at least ½ to ¾ full, during the summer months in the event of a fire. The Board agreed with this.

***Action Item: aQuality to keep more water in the Molly Way Storage tank during the summer months for additional water availability in the event of a fire.***

Pat Carpenter advised that Derek started the meter verification program for this year, which is one of the Water Company's Best Management Practices. Pat will check with the Practices to see how often they are to do the valve exercise programs. (Note: Jimmy will send the BMP's to Pat.)

***Action Item: Pat Carpenter to check to see how often the valve exercise programs are to be done.***

Pat Carpenter advised that the required sampling is complete and no issues resulted from that. There is a problem with the VFD in the Red Boost Station. When the generator company comes out to service the generators, they do a transfer as part of their service. Derek explained that when they do the transfer from the generator, the APS drops out and the generator comes on line to take a load, there seems to not be a long enough delay, and there is an over-current on Pump No. 1, so it trips and it won't reset itself. Summit Controls is supposed to come out and take a look at it to see if we can set up a delay sequence that will solve the problem.

***Action Item: Pat Carpenter to schedule Summit Controls to come out and take a look at the problem with the over-current problem on Pump No. 1 at the Red Boost Station (Cooper Morgan).***

Pat Carpenter advised that they started the weed abatement program around the well fields, Molly Way, Cooper Morgan, and Double Adobe. He also advised that he has the reports from the emergency generator company. Bill Meyer suggested that Pat Carpenter give Wallace & Assoc. a copy of the report. He also stated that the LED is out on the touch screen on the generator at Molly Way. Derek said they called the factory to try to get a warranty replacement, but they won't do that because that item is not under warranty.

***Action Item: Pat Carpenter to give a copy of the emergency generator report to Wallace & Assoc.***

**Meter Reads** – Jimmy stated that we had been having issues with meter reads, handheld, and software. This item was put on the agenda in the event that the problems have not been resolved. Cheryl Ibbotson stated that they are resolved and they had a smooth month with meter reads and software.

**Water Use Reports** – Bill Meyer stated that the water use report for March (February 16 - March 16). Up to mid-March, we pumped about 1.1 million gallons from the ICR well field. We pumped about 1.6 million gallons from the Talking Rock well field. We sold about 300,000 more gallons than we pumped in the Talking Rock well field, but that's just simply when the meters were read. We sold about 1.9 million gallons in the Talking Rock system and we sold about 1.1 million gallons in the ICR system. The number of residential customers is important to keep in mind – Whispering Canyon and Preserve: total customers of 56; ICR: total customers of 233; so the total for the ICR groundwater system is 289 residential customers. On the Talking Rock side, we're up to 176 residential customers, and that's somewhat of an increase over a few months ago, when it was about 156 or so. The Company is now serving a total of 465 residential customers. Clint Poteet advised that the increase may be people selling their homes or rentals. Bill Meyer stated that non-residential landscape use is small for both TRR and ICR sides. The No. 1 ICR well for the March accounting period pumped an average of about 3 hours at the end of March, and the No. 2 well was pumping nothing. The TRR No. 3 well is on lead, No. 2 well is back up, and No. 1 well is the final back up. No. 3, by the end of March, was pumping about 7 hours a day. No. 2 was pumping about 2.5 hours a day. For last week at TRR, water use is very much bumped up. TRR No. 3 has gone from an average use of about 7 through mid-March to about 14 to 15 hours now. No. 2 has gone from an average of 2.5 hours up to about 6 – 8 hours. No. 3 well gives us our lowest yield. Bill talked with Derek about switching the TRR lead well from No. 3 to No. 1, which will reduce the hours the wells are working because the yield of No. 1 is higher. Derek stated that this should be done without any issues.

*Action Item: aQuality to switch the lead well from Talking Rock Well No. 3 to Well No. 1.*

## **Financial Report –**

Tom reviewed the March 2011 financial reports. For the entire water system, the ordinary income was \$18,269; expenses were \$35,271; for a total income of -\$17,002. If you add in the amortization rate case expenses for the entire system of \$2,500, that gives us a net income of negative \$19,502. If you compare March of this year with March of 2010, the total ordinary income for last year was \$22,464, the expenses were \$47,367, and the net ordinary income was negative \$24,903. So, we're doing somewhat better this year than we have in the past year.

For the ICR system, total ordinary income was \$9,513. Expenses for the ICR system were \$10,844, for a total negative net income of -\$1,331. If you add the amortization rate case, the total net income is -\$1,831.

For the TRR system, total ordinary income was \$8,756. Expenses for TRR system were \$24,427, for a total net income of -\$15,671. If you add the \$2,000 amortization rate case to the ordinary income, we get -\$17,671.

Comparing March 2011 to March 2010, our income was approximately \$4,000 lower this year, but this was offset by lower expenses this year of about \$12,000, which gave us an approximate \$8,000 smaller net income loss for March 2011.

Some expenses of note for March included depreciation. Ratio of Talking Rock to ICR is 2.85 to 1. aQuality is right on target, or 3.08. The electric power this month was quite low, with a bill for TRR of \$1,679, compared to the usual \$4,000 - \$5,000. The ICR system had an electric bill of \$1,374, for a ratio of 1.22.. Under vendor services, there is a TRR bill for \$1,038, and the ICR system had \$43. The accounting expenses for March 2011 were \$1856 less than for February 2011.

Regarding our balance sheet, as of the end of March, our total current assets are \$178,604; accounts receivable are \$23,971; for net current assets of \$202,575. Our liabilities are fairly small at \$19,207, so our current assets exceed current liability by \$183,368.

Regarding cash flow, our deposits for March were \$21,022; disbursements were \$27,853, which gave us a negative cash flow of - \$6,831. We hope to get a boost in our revenues with lake water sales in April.

If we look at the March revenues for 2011 vs. March 2010, the residential and commercial are very comparable. The one difference is the lake fill. In March 2011, we had revenues of \$2,081, but in March 2010, we had \$6,772.

Tom stated that the P & L statements look in order for March, as does the balance sheet and the cash flow and disbursement numbers. He recommends that the Board accept the March P & L balance sheet financial statements submitted by Wallace & Assoc.

**Motion: Tom moved to accept the March 2011 financial reports and balance sheet; Jimmy seconded; motion carried.**

Curt Anderson requested the Board's approval to post the financial summary on the website. After Tom makes a correction regarding one of the ratios, he will e-mail a copy of the financial report to Curt for posting on the website. (Note: The Board had agreed last month that we would post these summaries.)

**National Bank Transfer** – Bill Meyer advised that the Board previously instructed Wallace & Assoc. to take our money out of Summit Bank and transfer it to National Bank. Cheryl Ibbotson advised that the transfer cannot be completed until they get the signature cards signed. After the cards are signed, Wallace will then write a check and deposit it into National Bank and order checks, so it will probably be a couple of weeks. She also advised that the CD at Summit Bank renewed for 18 months, so that might have to remain there. The interest on that is not much at all, and there will most likely be a penalty for early withdrawal of interest only. Bill recommended that the funds be transferred to National Bank despite losing the interest. The Board agreed with this if it is only interest that is lost, and there is no big penalty.

**Motion: Tom moved that provided there is no loss of principal on the Summit CD, that the \$5,000 CD be transferred, along with the checking account funds, to National Bank of Arizona; Jimmy seconded; motion carried.**

**Notice to Customers** – Jimmy advised that the reason this is on the Agenda is because once the funds are transferred to National Bank, customers must be notified about the transfer. Cheryl Ibbotson stated there should be no problems for the customers with this. Cheryl stated that she could put this on the billing statement. Cheryl stated that ACH is not yet set up with National Bank, but it's very similar to Summit. There will be an increase in base fees of \$40 to \$50 at National. Dayne Taylor asked about why the Board didn't go with Chase. Cheryl advised Tom and Cynthia have a relationship with National Bank (ICRWUA previously had accounts at National) and that Tom had looked into several healthy banks, Chase didn't come up and the banks that were most impressive were small banks.

**2011 Budget** – Bill Meyer advised that the 2011 budget is a comparison for the first quarter of 2011, actual vs. projected income and expenses. Tom stated that revenues for residential sales were right on the numbers, budget vs. actual. Actual sales were \$5,253 for Whispering Canyon, with a budget amount of \$6,072. For The Preserve, actual sales were \$643, with a budget of \$528. Commercial water sales were on the mark also with the budget vs. actual. The lake water had a pleasant surprise of \$8,794 for actual, with a budget amount of \$7,440.

Tom stated that he has been advised to leave the amortization off of the budget, but Cheryl Ibbotson has included it. Every quarter, the amortization contributions amount to \$30,230, which can be thought of as a negative expense. The depreciation is highly predictable, and the difference between the \$53,215 and the \$83,436 is the amortization number. Tom also stated that he only budgeted \$3,000 for electrical power for the quarter, and the number was actually \$12,500, but if you look at previous first quarters, the number was typically \$11,000 to \$12,000.

## **6. Committee Reports -**

### **Operations Committee –**

**Well Field Status:** Bill Meyer advised that the actual hours of use in the Talking Rock well field have gone up considerably.

### **Molly Way Status Committee –**

**Consultant's Review** – Jimmy stated that he received a report from Harvard responding to the Committee's letter and report from the Water Company's consultants. That report has been reviewed by the Board and passed on to the Company's consultants for their review. The consultants indicated that they would be able to complete their review of the Harvard response by the end of this month or early

next month, and at that point in time, the Committee will again contact Harvard to try and sit down and have a discussion about where we stand relative to the issues and the reports. One item the consultants needed was the documentation on Molly Way. Pat and Tom retrieved the documentation, which were the as-builts. Tom stated that he got electrical schematics and the building structure. Tom has made two copies of these. Tom has also been in contact with Yavapai County to get the approval to construct and approval of construction plans. The County will get back to Tom with a contact for obtaining documents. When Tom gets these documents from the County, he will provide them to Fann. The Board agreed that there will be some additional costs for reproduction of the documents and other related costs.

## 7. Old Business

**a. Review Action Items** – Jimmy reviewed the action items. The open items are:

Bill to work on well registration at Long Meadow Ranch straightened out.	Pending
Bill to meet with Operations Committee and include EOP's within its scope.	In Process
Asset Committee work with Chris W. for documentation on all Molly Way repairs, replacements and testing that has been done.	In-Process
Jimmy will coordinate a date next week with John Payne and Chuck O'Brien to go through the records.	Pending
Tom and Jimmy will get together to discuss and evaluate cost allocations between TRR and ICR further, and perhaps do an analysis for the next meeting.	In-Process
Jimmy call a subcommittee meeting – ICR pump house renovation?	In-Process
Jimmy will verify Tariff Schedule is available on the Web Site	Action Req'd
Chris Williamson will check to see if it is safe to go ahead and get rid of the ICR Pump station old equipment.	In-Process
Jimmy Stoner to get the committee together next week to determine what is to be done with the old water boost station.	Pending
The Pump House Committee to look into hiring an engineer to do a study of the as-builts of the WC boost station, get a cost estimate from the engineer, and submit it to the Board for approval at the next meeting.	Delete
Jimmy/Tom to compare property list to the insurance company's list	Pending
Jimmy Stoner will talk to Dick Brubaker about his intentions for the new well.	In-Process
Pat Carpenter to supply Bill Meyer with a form letter to be sent to Mr. Brubaker regarding his intentions for his new well.	In-Process
Pat Carpenter to inform the Board how many of the 23 re-reads were inaccurate numbers to begin with.	Pending

Pat Carpenter to determine if the Cooper Morgan motor is compatible with Molly Way. If it is not, then Pat will go ahead and purchase a new one.	Pending
Pat Carpenter to inform the Board his idea for a fair price to do all re-reads of meters.	In-Process
Tom will check with Cheryl to see what meter notice was sent to the customer. (Two signatures are required.)	In-Process
Bill will talk to Cheryl on Backflow testing notification to customers and confirmation of testing. (Cheryl needs to get the folder back from Derek.)	In-Process
Tom request Wallace & Assoc. attend quarterly to discuss Quarterly Financial Reports.	In-Process
Curt will discuss the issue of the interactive contact link on the website with the web provider.	In-Process
Tom will advise Cheryl to come to the next Board meeting.	In-Process

There was a discussion regarding sending Dick Brubaker a letter about his new well. Pat Carpenter has a form letter to send to customers who have an existing backflow preventer. Derek stated that even if the Board sends Mr. Brubaker a letter, if he sells the house, the new owner may decide to hook it up and there is no way to police the property. Derek indicated that there are homes in the ICR area that have backflow preventers on their property even though their wells are not connected. Pat believes that the water purveyor can institute its own policies as far as cross-connections and backflow prevention goes. Derek stated that the ACC requires the Company to have a backflow program, but it's the Board's decision on who has to have a backflow preventer and who doesn't. Derek will get the rules, or the website link, to the Board. Bill stated that we would be safeguarding all members by instituting a policy that if you drill a well, whether or not you hook it up or not, a backflow preventer must be installed. Jimmy suggested reading the regulations and then discussing this further at the next meeting.

There was also a discussion regarding the interactive contact link on the website. Curt Anderson stated that he devised an interim solution. If you go to the website and click on "E-Mail ICRWUA Board," a form comes up and it goes to Curt, with copies to the Board. Curt's temporary plan is that he would respond immediately to any inquiry with a form letter. Bill, as President, will send an answer if possible, or advise it requires discussion by the Board at the next Board meeting, or as appropriate.

**b. ICR Pump House** – Jimmy Stoner stated that Charles O'Brien, Dayne Taylor, and he visited the pump house to see what's there in light of the estimate that Pat had gotten to clean it up and re-skin it. Jimmy sent out e-mail to everyone and would like to have another meeting to discuss this further, but he would like to see the pump house not only rodent-proofed, but really tightened up, including getting rid of the roll up door. Bill stated that he doesn't want this delayed too long. It was agreed that there will be one more committee meeting to finalize the requirements, and then get a couple of bids from general contractors in the area.

**c. Annual Meeting** - This Agenda Item was to note that the annual meeting was held on 3/26/2011. (Note: scheduling of the Fire Station is through Yavapai County Central Fire District.)

## **8. New Business –**

**a. Website (Financial & Contract)** – Curt Anderson stated that Beth is owed money. It had been agreed that she would be paid \$500 for the initial set up of the website, etc. An additional \$300 would be paid to Beth for the remainder of the year for webmaster services. That \$300 has not been billed or paid yet. She also has not been paid \$500 for this year’s webmaster services. This cost is considerably better than what we had been paying in the past. (Beth is donating part of her time as a contribution to the ICRWUA!)

**Action Item:** *Jimmy Stoner will check his notes to find the date when the initial discussion was held with Beth and advise Curt.*

Curt also stated that he put a note on the website that if someone wants details of the financial reports that are not in the archives, you can click and get a “Request for Documents” form. This form can be filled out and sent to the Board for approval.

**b. Pending Actions** – There are no pending actions at this time.

**b. Public Comments:**

Harvey Roberts asked if aQuality has authority to make purchases on their own. Bill answered that they have a limit on their purchases without approval. Pat Carpenter stated that his limit is \$500 unless it’s an emergency, and if it is an emergency, he must call the President for approval, or one of the Board members if unable to get the President.

Harvey Roberts noted that the address is now up for Molly Way on Three Forks. Chris had volunteered to advise the Fire Department of the new address. Pat will follow up.

Dayne Taylor asked if the electrical meter reads at Molly Way has an address. Cheryl Ibbotson stated that she has 15527 N. Molly Way. APS finds the meter every month, don’t change anything.

**Motion: Tom moved to adjourn the meeting; Jimmy seconded; motion carried.**

Meeting adjourned at 11:03 a.m.