

REGULAR OPEN PUBLIC SESSION MINUTES
7pm at Hope Chapel, 5145 Ramada Drive, Prescott, AZ
FEBRUARY 24, 2014

1. CALL TO ORDER

Chair LaMar called the regular session of the Diamond Valley Water District Governing Board to order at 7:02pm.

2. ROLL CALL

PRESENT = P (P W/ TIME AFTER IF LATE) NOT PRESENT = NP

Marielle LaMar (P)	Pat Autrey (P)	Mona Welsh (P)	Susan Echenrode (P)	Gloria Mason (NP)
CHAIR	TREASURER	VICE CHAIR	CLERK/SECRETARY	MEMBER

No Notification to Chair

Chair recognized: Bill Roberts from Pump Tech, Kal Miller as engineer, Bill Whittington as District's legal counsel, and Good's System Management (GSM): Margie Good, Manager, Cari Good, Customer Support Specialist and Ron Good, Field Tech.

3. CALL TO THE PUBLIC

None present

4. OLD BUSINESS FROM PREVIOUS MEETINGS

A. Draft Resolution R2014-2-24(ReserveFunds)

After requesting if any discussion was needed, Member Autrey motioned to approve the resolution as drafted, seconded by Member Echenrode, and carried by unanimous vote (4).

[Action and Follow-up: Clerk/Secretary to get signatures, record, and send out approved as a PDF.](#)

B. Ramada Pump Station Update by Pump Tech

Bill Roberts presented and handed out excerpts from Grundfos Engineering Manual to the Board and Management. Mr. Roberts went over the District's current situation at the Ramada booster pump station and then addressed the manual to show the consideration choices in upgrading the pump station to a variable frequency drive (VFD) system. The operational costs savings in maintenance and lower utility power usage was explained when a VFD system is utilized. He went into great detail in the workings of the VFD system, which the handout manual explains well.

1.) Update Findings with Possible Action

Margie Good sent out a report to the Board explaining the latest additional operational discoveries at the Ramada booster pump station, which revealed further additional consideration is being advised in a more sustainable long-term solution.

Bill Roberts went over the current, missing, key components at the booster pump station, being the compressor system and the gauge glass to monitor pressure, which means the current booster station requires daily high maintenance for the Field Tech and/or Operator, and additional frequent costly repairs. Pump Tech's proposal quote at the Ramada station for the VFD system upgrade was \$16,599.49.

It was requested by the Board to get other bids and Mr. Roberts suggested he would provide the specs for the VFD upgrade to the Manager in order to get other bids. This way the Board would be able to consider what work each bid entailed and make a more informed decision.

After some discussion and further questions to Mr. Roberts, Member Autrey motioned for the District to consider the VFD system upgrade at the Ramada booster station after Pump Tech provides the specs to the District Manager to get at least two other bids for the Board to consider at soon to be determined meeting. Member Welsh seconded the motion and it carried by unanimous vote (4).

[Action and Follow-up: Margie Good to get other bids once Pump Tech provides the specs and then send all bids to the Clerk/Secretary for the record and to send to the Board for an upcoming meeting.](#)

C. Report on Water Rate Analysis for WIFA by Engineer

Kal Miller gave his background and mentioned how he did a similar rate analysis when Groom Creek put in their replacement distribution system. He also handed out to the Board, Management, and the attorney a 12-page DVWD Rate Analysis dated 2/18/2014 with his stamped registered professional engineer certificate number. He went through the report page-by-page in how he arrived at the numbers and figures that Margie Good provided to him. The report was very thorough and he reviewed the loan requirements and amount that would be needed to do the underground portion of the DVWD System Replacement Project along with the breakout of estimated assumptions and cost estimate.

Mr. Miller's final pages provided seven options for the monthly base rate and/or commodity tier rates to meet a loan with the estimated cost of \$5,098,000 for the project.

Mr. Miller also brought two automatic meter reading (AMR) meters that are being proposed for the DVWD System Replacement Project and how the two meters worked: one more expensive, which holds longer periods of data, and the other less expensive, which holds 40-days of data and is appropriate for DVWD. He suggested the Badger Meter Company because there are no software adjustments needed after the initial installment, while the others on the market are more high maintenance initially. He also suggested the District consider the options of buying versus leasing the AMR meters and see which option is the most cost-effective.

1.) Report Findings with Possible Action if Needed

Mr. Miller's findings will be used in the upcoming proposed budget process. No action is needed at this time.

Completed and Follow-Up: Clerk/Secretary to record report and Treasurer and Manager will use this report when preparing the proposed budget for the District's 2014-2015 fiscal year.

D. GSM Verbal Update Report of DVWD Website by Sadie Sarti Design

Cari Good reported the website is in-progress and it takes about one month to complete the initial set-up.

Tabled and Follow-Up: Cari Good to continue giving verbal updates as the website progresses.

E. GSM Verbal Update Report on DVWD System Replacement Project

1. To-Date the Grant and Loan Application Process

Margie Good reported the grant has been electronically sent and the loan is in the application completion phase. The Treasurer suggested that the grant be sent to the District for the record.

Tabled and Follow-Up: Margie Good to send PDF copy of grant paperwork to the Clerk/Secretary for the record.

F. Fiscal Year 2014-2015 Proposed Budget Process

1.) Review of Suggested Time Line until Proposed Budget is Approved

- Approval of Proposed Budget by 4/28/2014 and for Publication (see below)
- Proposed Budget Published in Two Consecutive Weekend Newspaper in May 2014 (Saturday: 3rd, 10th, 17th, 24th are options), and be within 30-days of the Public Hearing
- Public Hearing on Proposed Budget 5/26/2014
- Proposed Budget Approved 5/26/2014, and any changes in rates and fees effective 7/1/2014
- Approved Budget to Yavapai County Office before 7/1/2014

2.) Verbal Treasurer and GSM Manager Report on Proposed Budget Process

Treasurer Autrey reported there is an upcoming meeting this week and the water rate analysis report was needed to really start the process. By Board consensus this item is tabled.

Tabled: Stays on the agenda until the Proposed Budget is approved

G. Drafts of Board Position of Duties Submitted by 2014 Appointed Officers

- 1.) Clerk/Secretary
- 2.) Treasurer
- 3.) Chairperson
- 4.) Vice Chairperson
- 5.) Member at Large

By Board consensus the above items were tabled and copies of the drafts have already been sent out in January.

Tabled: Drafts of above were already been sent out in January. Members please check your paperwork to make sure as tabled items supporting documents are not sent out each month if no changes were made.

5. NEW BUSINESS

A. Approval Cleaning and Maintenance of the Water Reserve Holding Tanks

The 3-bids submitted were reviewed and discussed. Margie Good gave her suggestion that the bid from Midco Diving and Marine Services, Inc had more scope of services for the before and after services, while the others did not in their bids. Also noted was the cost of the 3-bids were within the same price range. Margie Good also reported that the tank's opening at the Ramada tank still needs to be looked at to see if a driver can access the tank or plan other means to get the inspection and cleaning done.

Member Echenrode motioned to approve the Midco bid for \$2,645, for the Manager to get an additional quote for the Lisa Storage Tank cleaning, and if that quote is below the not-to-exceed expenditure amount of \$1,500 to get direction from the Chair to either go ahead or bring the quote to another meeting for approval if needed. The motion was seconded by Member Welsh and carried by unanimous vote (4).

Action and Follow-Up: Margie Good approved to move forward with the Midco bid and provide the Chair with the additional cleaning quote for the Lisa tank – and get further direction from the Chair.

B. Consideration with Possible Action on Pest Control of the District's Properties

After discussing the Orkin bi-monthly contract for \$99, it was revealed that it costs the District more when these services had been requested one time in the past, rather than regular maintenance. Also reported was that other contacted pest services were not interested. The funds for the Orkin contract would come out of Contract Services in the current budget and may be allocated in a different account in the proposed budget process to show more detail as the District's auditor has suggested.

Member Echenrode motioned to approve the Orkin bi-monthly contract for \$99, seconded by Member Autrey, and carried by unanimous vote (4).

Action and Follow-Up: Contract to be signed by Chair, recorded and sent out by Clerk/Secretary. The 3-carbon signed contract to be given to Margie Good to utilize the services as contracted.

C. Approval of the Draft Water Service Documents:

- 1.) Application for Water Services and Deposit Receipt
- 2.) Application for New Construction Hook-Up, Water Services and Deposit Receipt
- 3.) Resolution R2014-TBD(WaterAgreement)
- 4.) Resolution R2014-TBD(WaterServiceTypes)

By Board consensus the above items are tabled.

Table and Follow-Up: Above items need to have final drafting session with Chair, Clerk/Secretary, Margie Good, and Cari Good to make sure all drafts agree in language and include any suggestions from water rate analysis report received tonight.

D. Approval of Monthly Newsletter (To Print on Backs of Water Bills)

There was some discussion on the contents of the information to go out on the backside of the monthly water bills. By Board consensus no approval is required as the Chair and Manager are the spokespersons for the District. The on-going monthly information content will be drafted and edited as a collaborative effort between the Chair and the Manager. Targeting to start getting this information out on the February postcard billing.

Completed: No further action needed with Chair and Manager to produce each month's news blurb.

E. Consideration of another RCAC Board Training Session in March.

Tentatively there may be a training session before the next regular session on 3/24/2014 at 4pm. This will be dependent on Deborah Patton of the RCAC finding a speaker on the subject of fiduciary duties of the Board as a body and as individual Members. Bill Whittington said he'd contact Ms. Patton with some suggestions if she hasn't already found a speaker.

6. APPROVAL OF DRAFT MEETING MINUTES

A. Board Training Session at 5pm and Regular Public Session on January 27, 2014 at 7pm

B. Board Training Session at 5pm on February 17, 2014

By Board consensus (3) the above sets of minutes were approved as drafted with Member Echenrode abstaining due to drafting the minutes.

Completed: Clerk/Secretary to record and send out approved minutes providing 2-copies for Hope Chapel.

7. REVIEW OF ACTION ITEMS FROM PREVIOUS MEETING

A. Approval of DVWD RCAC Draft Work Plan for Educational Training in 2014

Completed: Appropriate RCAC signatures, recorded and sent out.

B. Approval of Option#2 of Further Emergency Repairs to the Ramada Booster Pump

Completed: Manager was approved to move forward on the further repairs.

C. RVS PayClix On-Line Billing Needing Treasurer's Information to Activate

Completed: Needed information was received and software may be up and running for March's billing.

D. Approval of DVWD Website by Sadie Sarti Design

Completed: Website in-progress and updates will be under Manager Operational Report on future agendas.

E. Approval of Engineering Water Rate Analysis for WIFA

Completed: Approved letter was signed by Chair and Manager after the 1/27/2014 meeting, recorded and sent out.

F. Approval of Bookkeeping Services by Tara Sholle, CPA

1.) Treasurer's Bookkeeping Interview Report of 1/17/2014

It was suggested that the word Sub-Committee in the report's title be changed to Findings Report. The process was not a sub-committee, but rather a process approved and directed by the Chair for the Manager

and Treasurer to complete and bring back to the Board for consideration. By Board consensus the correction was approved.

Action and Follow-Up: Clerk/Secretary to make correction, record and send out.

Add'l Follow-Up: Chair to check and see if Letter of Engagement was completed and if so to send to Clerk/Secretary to record.

G. Approval of R2014-1-27 (Bookkeeping Services)

Completed: Clerk/Secretary edited as approved, recorded and sent out.

H. Appointment of 2014 District Officer Appointments

Completed: Clerk/Secretary updated the documents: 5-Member Board and Management List and District Organizational Chart recorded and sent out.

8. REPORTS AND CORRESPONDENCE From PREVIOUS MONTH

A. (GSM) Operational Report – January 2014

Margie Good gave a verbal report. She also reported on the RVS reports sent out along with the RVS charts showing the different operational areas for January:

Water Loss: 856,729 gallons / 31% loss
 Total Past Due: down to \$23,015.99 from \$26,040.69 in December
 30-day Past Due: down to \$3,114.30 from \$6,936.29 in December
 Total Receipts: slightly down at \$50,642.31 from \$53,626.90 in December
 Adjustments: \$3,576.31 from \$1,673.23 in December

1.) Manager Training on Reading the RVS Systems Total Report

2.) Verbal Update on RVS Software Upgrade - On-Line Billing for Customers

Cari Good reported the on-billing should be up and running for the March billing.

B. Financial Report – January 2014

Treasurer Autrey went over the report.

	<u>January (one month)</u>	<u>January (7 months)</u>
Total Income	\$47,203.50	\$349,299.88
Total Expenses	\$20,585.87	\$266,502.26
Gross Profit (Loss)	\$26,617.63	\$ 82,797.62
Bad Debt Expense	\$ 3,709.82	\$ 5,349.19
Total Operating Income (Loss)	\$22,907.81	\$ 77,448.43
Total Expenditures from Reserves	\$ 5,296.49	\$ 41,210.95
Net Income (Loss)	\$17,609.32	\$ 36,237.48

Statement of Assets, Liabilities, and Equity

Current Assets	\$1,037,098.70	Current Liabilities & Capital	\$1,037,098.70
Reserve Funds Balance:	\$ 156,060.16		
Equipment Funds Balance:	\$ 85,303.66		
Emergency Funds Balance:	<u>\$ 83,061.92</u>		
Total in Reserve Funds:	\$ 324,425.74		
Cash in County Warrant-General:	\$ 85,195.47		
Cash in Foothills Bank:	\$ 62,485.43		

C. Correspondence(s) to the District - January 2014

1.) UVRWPC Communications

The Chair had sent out the report of the communications and a Letter Of Intent (LOI) from the UVRWPC. Some review of the requirements in the LOI shows that the matter might be better addressed at more appropriate time when the District has less time constraints when moving forward on DVWD System Replacement Project.

Completed and recorded under Correspondence to the District

2.) Foothills Bank 1/30/2014 Letter

The Manager forwarded this letter for review that basically reports the bank's new look and re-design of their website.

Completed and recorded under Correspondence to the District

3.) Contractor's 1/18/2014 Letter and Manager 1/31/2014 Letter to Chairperson

The Board Chair brought to the Board's attention two letters addressed to and received by the Chair. She explained her concern in regards to the negative effect such matters were having on the Board's ability to

function, and the Board Members discussed the options available to the District Board with legal counsel who was present. The possibility of addressing the matter with training was discussed.

a.) Possible Action if needed

No action taken.

[Completed](#) at this time and the two letters were received by the Chair and their receipt by the Chair was placed in a confidential file kept by the Chair.

9. PROPOSED AGENDA ITEMS FOR NEXT MEETING: [March 24, 2014 at 7pm](#)

A. All Action, Tabled, and Update Items from this Meeting

B. Other Requests please Contact Chair for Direction/Guidelines of District's Future Agenda List

10. ADJOURNMENT

Chair LaMar adjourned the meeting at 10:45pm.

Respectfully submitted by: [Susan Echenrode](#), DVWD Clerk/Secretary and made available on [1/26/2014](#)

The DRAFT to Be APPROVED of the above Minutes (PDF) was emailed on the above date (within 3-business days of meeting) to current Board Members and Management for review before the next meeting. All corrections to the draft minutes are considered District business and need to occur and be addressed at the next Regular Public Meeting before the minutes are approved. Board approval to show as an agenda item for the next scheduled DVWD Open Public Meeting. In addition, one copy is provided at the official DVWD posting site (Hope Chapel) for interested public/community members and new signage on the outside plastic box: see DVWD Website as noted below.

NOTE: 3/24/2014: All public/community wishing to receive the DVWD Meeting Minutes and Agendas can do so by going to the DVWD Website: diamondvalleywaterdistrict.com, which also provides the public with other District information.

APPROVED ON: 3/24/2014 by Pat Autrey, Marielle LaMar, Mona Welsh, Gloria Mason (abstained NP at meeting), and Susan Echenrode abstained due to preparing the minutes.

Once approved the draft minutes document needs the footer changed to "APPROVED at the DVWD Meeting (insert date)", made into a PDF, sent via email to the current Board Members and Management, and to the "OTHER DISTRICT CONTACTS" listed in the up-to-date 5-MEMBER DVWD BOARD-MANAGEMENT CONTACT LIST document as directed under NOTES.

The Clerk/Secretary maintains and records Meeting Minutes by: recording an electronic PDF and filing 1-hard copy in the appropriate Fiscal Year binder in plastic protector sheet(s) for District records.

Acronym Used in Agendas and Meeting Minutes

AFO	=	Administrative, Financial and Operational Manual for DVWD
AICPA	=	American Institute of Certified Public Accountants
AMR	=	Automated Meter Reading
A.R.S.	=	Arizona Revised Statute (State laws that DVWD governs by)
ERU	=	Equivalent Residential Units (District Budget Tool uses and calculates for a more statistically consistent and valid approach)
GAAP	=	Generally Accepted Accounting Principles
GAGAS	=	Generally Accepted Government Auditing Standards
GSM	=	Good's System Management (District's Management)
OML	=	Open Meeting Laws of Arizona
PayClix	=	RVS Customer On-Line Billing Program to Pay Bills
RCAC	=	Rural Community Assistance Corporation
RCAP	=	Rural Community Assistance Partnership
RFP	=	Request for Proposal (Bid)
RFQ	=	Request for Quotation or Qualifications
RWAA	=	Rural Water Association of Arizona
RVS	=	Billing Software Used for Customers
VFD	=	Variable Frequency Drive (changes the electrical power of a motor)
WIFA	=	Water Infrastructure Finance Authority
UVRWPC	=	Verde River Watershed Protection Coalition