

OPEN PUBLIC BOARD TRAINING SESSION MINUTES
5pm at Hope Chapel, 5145 Ramada Drive, Prescott, AZ
MARCH 24, 2014

1. CALL TO ORDER

Chair LaMar called the session to order at 5:05pm.

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 (P)
CHAIR	TREASURER	VICE CHAIR	CLERK/SECRETARY	MEMBER

Chair recognized: Deborah Patton for RCAC, and Good's System Management (GSM): Margie Good (P at 5:19pm), Manager and Cari Good (P at 5:44pm), Customer Support Specialist.

3. RCAC BOARD TRAINING ON FIDUCIARY DUTIES FOR EDUCATIONAL PURPOSES ONLY

Deborah Patton presented the following:

- Provided handed outs of a self-evaluation with 20-questions completed by each Board Member for their own personal use. Its title was "Am I A Good Diamond Valley Board Member?"
- Provided hand outs of The Ten Basic Responsibilities of a Board of Directors and reviewed the 10-points, 5-Common Myths Boards Need to be Wary of, Keeping it Legal, and What Every Responsible Board Member Should Know and Do to Keep Compliant
- Reviewed the Diamond Valley Water Board, An Overview of Fiduciary Responsibility for Board Members, dated 3/24/2014. Deborah Patton specially developed the hand out for the Board.
- Also reviewed was a hand out of Business Judgment Rule of Law and Legal Definition.

The training format was open and even included participation from one community member who attended.

4. ADJOURNMENT

Chair LaMar adjourned the meeting at 6:54pm.

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

1. CALL TO ORDER

Chair LaMar called the session to order at 7:07pm.

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 (P)
CHAIR	TREASURER	VICE CHAIR	CLERK/SECRETARY	MEMBER

Chair recognized: Lon Turner from R.W. Turner and Sons Pump and Windmill Co.Inc, Good's System Management (GSM): Margie Good, Manager, Cari Good, Customer Support Specialist and Ron Good, Field Tech, and Tara Sholle (District Bookkeeper) and CPA also.

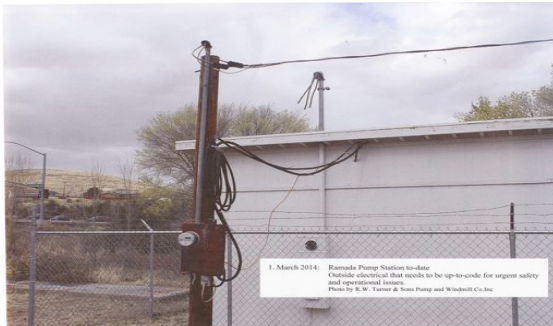
3. CALL TO THE PUBLIC

None present

4. OLD BUSINESS FROM PREVIOUS MEETINGS

A. Presentation from R.W. Turner & Sons Drilling and Pump Company

Lon Turner gave a thorough presentation of the status of the Ramada Pump Station and the Rose Quartz Pump Station operational issues. His company is currently about to start on the 3-Bids approved on 3/10/2014 for upgrading the Ramada site with a Variable Frequency Drive (VFR) system. Mr. Turner also provided photos of the two sites and reported on the sites as follows:



1. Ramada Station to-date: Electrical needs to be up-to-code for urgent safety and operational issues.

Proposed solution: Need more information from APS utility to know what kind of transformer is available/ needed to get electrical up-to-code with 200 amp or 400 amp breaker.

Follow-up: GSM to contact utility for needed info and then have R.W. Turner to provide a proposed bid to be and request a special or regular meeting for consideration.



2. Ramada Station to-date: Inside housing with metal tank going into galvanized piping.

Approved solution on 3/10/2014: Upgrade to VFD system. (Also see photo 5. for what that looks like)



3. Ramada Station to-date: Inside house showing 2-pumps and galvanized piping with valves.

Approved solution on 3/10/2014: Upgrade to VFD system. (Also see photo 5. for what that looks like)



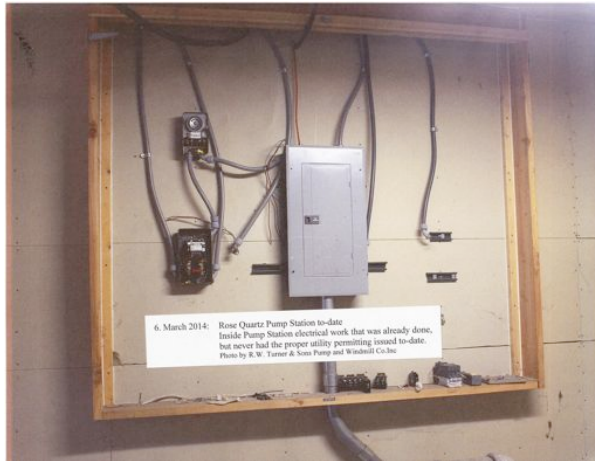
4. Ramada Station to-date: Shows inside galvanized piping going either to dead-ends or inserting pipes into other pipes.

Approved solution on 3/10/2014: Upgrade to VFD system. (Also see photo 5. for what that looks like)



5. What the Ramada upgrade VFD system might look like.

Simple and straight forward. Water utility standards of ductile iron piping is used since galvanized piping is no longer the standard nor can be used due to zinc content.



6. Rose Quartz Station inside electrical to-date:
Shows electrical work done that never had the proper utility permitting issued to-date.

Follow-up: GSM to look into getting the proper permitting completed with costs and request a special or regular meeting for consideration.

Disclaimer Note: By Board consensus items not in order were done to accommodate Mr. Turner, the Bookkeeper and Management present. Out of order items will show see above (and provide page #) in its regular sequence. The exact order may vary below but all agenda items were addressed or noted accordingly.

7. REVIEW OF ACTION ITEMS FROM PREVIOUS MEETING (taken out of sequence)

A. Correction to Treasurer's Bookkeeping Interview Report

Completed: Edited, recorded and sent out.

1.) Letter of Engagement for Bookkeeping Services by Tara Sholle, CPA

Some discussion on what contemplate means when a bookkeeper is also a CPA and the additional costs ensued. The below email was sent to Pat Autrey prior to the meeting:

On Saturday, March 22, 2014 2:00 PM, Sholle Accounting <sholleacctg@q.com> wrote:
Replying to your voicemail – the wording is specific so as not to indicate that I will not be preparing a compilation. As I explained previously, a compilation would cost the District significantly more each month. I can do that if you want, but the base level compilation would add \$500 to \$600 to my fees to the District each month. The paragraph in the engagement letter does not reference the RVS report that Margie provides; it references printing out the financial reports that are available in QB.

Tara Sholle further explained the above to make things clear. By Board consensus the letter of engagement with Tara Sholle, CPA, PLLC, dated 2/17/2014 was approved as drafted.

Action: Clerk/Secretary to get signatures, provide copy of tonight's approved DVWD authorized signatures form, sends to Tara Sholle, and once signed by Tara - record, and send out final approved/signed letter.

B. Financial Report – March 2014

Tara Sholle went over the financial reports of picking up where the District's last bookkeeper left off and coordinating with Management the use of QuickBooks. She went over the Draft Profit and Loss and the Balance Sheet for the end of February 2014.

Ms. Sholle reviewed and educated the Board on:

1. Correlation between the two reports.
2. The reasons she and the Manager changed the format.
3. How the new format compares with the format of past bookkeeper.
4. Sound financial tracking by separating and associating the "Costs of Goods Sold" expenses that relate to the delivery of water from the rest of the expenses, which cover the general necessary expenses not related to the delivery of water.
5. What some specific line items on the report mean and/or relate to.

Ms. Sholle answered questions from the Board and is willing to work with her Board Point of Contact (POC) – the Treasurer and the GSM Manager to generate future monthly reports for the Board in a timely manner. **Previous monthly reporting was agreed upon to be submitted by the 15th of each month and all monthly reports are to be for the previous month's activities of the regular session meetings.**

Balance Sheet February 2014

Assets and Liabilities Total: \$1,049,983.41

Profit and Loss Sheet for February

Net Income Total: \$ 13,102.69

Net Income Y-T-D Totals: \$ 49,340.17

Also needed was an update on DVWD Authorized Signature form. The form was passed out to all members to provide their signatures with the Chair and Treasurer approving the completed form, which is address to the Yavapia County Treasurer's Office. By Board consensus the form was approved to be updated.

Action and Follow-up: Clerk/Secretary to record signed form and send out, along with provide an added copy for Tara Sholle when returning her signed PDF letter of engagement dated 2/17/2014.

4. OLD BUSINESS FROM PREVIOUS MEETINGS (remaining portion of 4. taken out of sequence)

B. Approval of DVWD Rate Analysis Dated 2/18/2014 as Basis for Fiscal Year 2014-2015 Proposed Budget Process

By Board consensus the rate analysis was approved to be used as the basis for the proposed budget process for FY 2014-2015.

Action Completed: Report already recorded and sent out last month.

C. GSM Update Report on DVWD System Replacement Project

1. Update on WIFA-Plan & Design (TADW-021-2014)

a.) WIFA Grant 3/12/2014 Denied Letter

The Manager reviewed why the District received a denial letter after submitting the above grant application. Apparently, a previous grant (TADW-009-2011) was awarded to address the same distribution system deficiencies and according to WIFA policy and its Planning and Design Assistance Grants, WIFA cannot provide more than one grant to address the same system issue.

Also reported by WIFA to the District Manager is that future grant funding is drying up or non-existent.

Follow-up Completed: Denial letter already recorded and sent out.

2. Update on WIFA-Financial Assistance (TADW-026-2014)

WIFA has approved the District for a WIFA loan, but are required timelines to be met by the District before an application can be started. The WIFA rate and the other particulars are determined at the time the application is completed.

a.) WIFA Questions with District Responses

All of the WIFA's questions were answered by either the Chair, Manager, or Kal Miller, Engineer.

There is an ongoing timeline the District and/or Management is on top of by updating the timeline as things progress. (See below under Proposed Budget and WIFA Timeline)

D. Fiscal Year 2014-2015 Proposed Budget Process

1.) Review of Suggested Timeline 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.) Proposed Budget and WIFA Timeline Process Worksheet

The above suggested timeline will from now show the latest updates to the Proposed Budget and WIFA Timeline Process Sheet:

Black: Agreed Upon Deadlines Green: Key District Deadlines: Red: WIFA Deadlines

- 3/10/2014 \$147K in 2013-2014 Loan/New Projects to cover projects before Proposed Budget is passed.
- 3/17/2014 Budget Tool required information/amounts provided by Treasurer and Manager gets to the engineer consultant.
- 3/19/2014 QuickBooks and Budget Tool account names coincide.
Manager/Treasurer/Bookkeeper coordination on budget/financials.
- 3/24/2014 Review and approve Engineer Bids for Phase 1, 2 Management, and Review of RFQ packages going out to possible contractors for the DVWD Distribution System Replacement Project.
- 3/31/2014 Possible Special Meeting for electrical bids for approved upgrade VFD system to Ramada and also Rose Quartz's electrical issues not completed along with pump and by-pass valve issues.
- 4/8-4/11 Treasurer not available

- 4/10/2014 WIFA Workshop required for the District, 10-11:30am in Phoenix
Follow-Up: Marielle LaMar and Mona Welsh, who agreed to do report of workshop, are willing to attend along with Management. Back up if Mona Welsh cannot attend is Clerk/Secretary if needed.
- 4/14-4/18 Open
- 4/21-4/25 Open
- 4/28/2014 DVWD Regular Session Meeting for approval of Proposed Budget for 2014-2015
- 5/3/2014 Possible Date to Publish Approved Proposed Budget
- 5/5/2014 Possible community education presentation by RCAC Before Public Hearing 5/26/2014
- 5/10/2014 Possible Date to Publish Approved Proposed Budget
- 5/12/2014 Possible community education presentation by RCAC Before Public Hearing 5/26/2014
- 5/24/2014 Possible Date to Publish Approved Proposed Budget
- 5/26/2014 Public Hearing followed by regular session to approve proposed budget with new rates and fees. Send WIFA a copy of the approved proposed budget with new rates and fees.
- end of 5/2014- 6/2014 WIFA sends DVWD, a DWID, the Project Finance Application (PFA) after receipt of the red noted above.
- mid 6/2014 WIFA (Sara Konrad & Angie Valenzuela visit DVWD to see current situation, and to answer any question or provide any clarification on the PFA.
- 6/20/2014 WIFA due date for the District completing PFA
- before 7/1/2014 Provide Yavapai County with approved budget for 2014-2015
- 7/1/2014 New Rates and Fees become effective
- 8/20/2014 1:30pm WIFA Board Meeting. Attendance by DVWD required.
- Possibly by 9/17/2014 WIFA loan to DVWD CLOSING

E. 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

Tabled: By Board consensus due to time.

5. NEW BUSINESS

A. Consideration with Possible Action: Engineer Feasibility Design to Provide RFP Package for the Necessary DVWD System Replacement Project Items

Margie Good reviewed and explained the 4-RFQs from Kal Miller, engineer. Each RFQ is for specific purposes and as follows:

- RFQuotation (Phase 1): Objective of task is prepare RFQs for prospective design engineering firms to use in preparing a quote for the DVWD if they wish to provide the services prepared by Kal Miller. The end result would be a bid package that could be sent to prospective contractors.
- RFQuotation (Phase 2): As above while concentration on the preparation of the document needed to be sent out for quotes. May include holding a meeting with District before finalizing the documents going out for quotes.
- Engineering Design management: Objective is to select potential engineering design companies who are interested in bidding on the prepared RFQ and to send out the quotations. During the bidding process Mr. Miller will answer questions and/or provide additional information, which may be needed to prepare a bid to the District.
- Engineering Design Review: This phase of the project is to review in detail all the bids submitted by the engineering design firms, along with follow up questions to the bidders and their responses may be required to analyze the bids. This phase will result in Mr. Miller making a presentation and

recommendation to the Board at an Open Public Meeting, which provides the District with the necessary information to select an engineering firm and ask the firm provide a contract to proceed.

There was discussion on making sure the Board understood each of the RFQs by Mr. Miller. Mr. Miller has had the experience of doing these engineer design phases when a replacement water system is required. The essential value of these 4-RFQs is so the District, which is being represented by Mr. Miller's expertise, is to make sure the engineer design firms provide the needed District requirements, rather than the firms adding items/projects the District does not want. This keeps the costs within what the District is planning for the proposed DVWD Replacement System Project and the District qualified WIFA loan amount.

The 4-RFQs submitted by Mr. Miller were each at not exceeding \$1,500 or 30 hours (totaling \$6,000), and if any trip charges are incurred at \$0.50 per mile. The Treasurer reported the District has available funds in the current budget's Loan/New Project account to cover these costs.

Member Welsh motioned the four RFQs by Kal Miller dated 3/17/2014 be approved as proposed, seconded by Member Echenrode, and carried by unanimous vote.

[Action and Follow Up: Clerk/Secretary to get signature, record, and send out. Manager to proceed with coordinating and providing Kal Miller with any operational assistance as he proceeds.](#)

B. Discussion and Direction for Public Presentations on the Proposed Budget and System Replacement Project

1.) Public Educational Presentation if Possible Before Public Hearing

Discussed some with more information and follow-up in arranging a speaker to come. Possible choice is Deborah Patton of the RCAC and Clerk/Secretary is to follow up with arranging that.

[Tabled and Follow Up: Clerk/Secretary to find, arrange and provide for the speaker along with getting availability of Hope Chapel on the Mondays of 5/5, or 5/12, or 5/19.](#)

2.) Public Educational Presentation at Public Hearing

Discussion on available speaker, using Kal Miller, as Deborah Patton is not available 5/26/2014.

[Tabled: Needs more discussion.](#)

C. Rose Quartz Pump Repair with Possible Action on Additional Urgent Repairs at Site

This item was addressed after Mr. Turner's presentation - see pages 1-3. The issues at Rose Quartz needs further review by Mr. Turner to address the not completed electrical permitting and the pump and by-pass value issues. The District directed the Manager to get the bids for all the issues at Rose Quartz.

[Tabled in OLD BUSINESS ASAP: Manager to work with Mr. Turner to get the necessary bids for the site's operational needs/repairs.](#)

D. 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)

[Tabled: By Board consensus due to needing information the proposed budget can provide when approved.](#)

E. Consideration of Re-Scheduling May 26, 2014 Regular Session Meeting

After discussion and to see if a quorum was available on Monday 5/26/2014 for the Open Public Hearing followed by the regular 4th Monday Open Public Meeting, it was decided by Board consensus that the 5/26/2014 date not be re-scheduled. The facts supporting not re-scheduling are: the District's website is up showing the community outreach articles, which have been printed hard copies saying the Public Hearing and regular session would occur on 5/26/2014, and the need for a speaker coming in May before the hearing is tight.

[Completed](#)

6. APPROVAL OF DRAFT MEETING MINUTES

A. Board Regular Public Session on February 24, 2014 at 7pm

B. Board Special Public Session on March 10, 2014 at 4pm

Correction needed on A.'s minutes under C. 3.) a.) to read "the 2-letters were received by the Chair and their acceptance by the Chair were placed in the Chair's confidential files".

A.'s minutes was motioned by Member Autrey to be approved as edited, seconded by Member Welsh, and carried by 3-votes (LaMar, Autrey, Welsh yes), and Members Mason (not present) and Echenrode (does minutes) abstained.

B.'s minutes were motioned by Member Autrey to be approved as drafted, seconded by Member Welsh, and carried by 3-votes (LaMar, Autrey, Echenrode yes), and Members Mason and Welsh abstained (not present).
Completed: [Clerk/Secretary to send out approved minutes after editing.](#)

7. REVIEW OF ACTION ITEMS FROM PREVIOUS MEETING

A. Correction to Treasurer's Bookkeeping Interview Report

See above on page 3.

1.) Letter of Engagement for Bookkeeping Services by Tara Sholle, CPA

See above on page 4.

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

Completed: [Signatures gotten, recorded and sent out. Not verbally reported on but completion occurred.](#)

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

Completed: [Signatures gotten, recorded and sent out. Not verbally reported on but completion occurred.](#)

1.) GSM Verbal Update on Lisa Tank Cleaning if Possible

Completed: [Manager sent out 3/19/2014 mini report stating the Opal and Lisa tanks have no maintenance issues to be address at this time. Not verbally reported on but completion occurred.](#)

D. Approved Bi-Monthly Contract for Pest Control of the District's Properties

Completed: [Signatures gotten on contract, recorded and sent out. Not verbally reported on but completion occurred.](#)

E. Approval of R.W. Turner Bids

Completed: [Signatures gotten, recorded and sent out. Not verbally reported on but completion occurred.](#)

F. Approval of Budget Tool Consultant

Completed: [Approval in 3/10/2014 meeting minutes approved tonight. Not verbally reported on but completion occurred.](#)

8. REPORTS AND CORRESPONDENCE From PREVIOUS MONTH

A. (GSM) Operational Report – February 2014

Margie Good gave a report and reviewed the operations for February:

- Backflow research on prevention devices in vault lead to investigation of devices but could not proceed until a better understanding of the layout is known.
- Bookkeeping with Sholle Accounting began with February entries in QuickBooks.
- Two main leaks/breaks on Emerald and Diamond.
- Ramada Pump Station pressure tank inadequacy resulted in pump replacement with extensive manual field tech attention ongoing as a result of the pressure inadequacies.
- Three bids for tank drivers obtained for inspection and maintenance.
- Ordered Foothills Bank checks and stamp and discarded Summit Banking materials.
- Continued corresponding with engineer regarding water rate analysis.
- Mailed out 3-certified letters addressing possible wells on property with meters that may need a backflow prevention device.
- Replaced 6-meters that were non-functional.

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

Margie Good reviewed the RVS System Totals Report and pointed out

- The 30-days past due accounts decreased by 55% since 9/2013
- The 60-days past due account decreased by 33% since 9/2013
- The over 60-days past due account have decreased by 77% since 9/2013.

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

On-line billing is up and running (<http://payclix.com/dvwd/>) and will eventually have a link on the DVWD Website.

3.) GSM Update Report of DVWD Website by Sadie Sarti Design

Cari Good reported the **website diamondvalleywaterdistrict.com** is up and running but is still under construction. The sections on community outreach, the District's main history and timeline, and the Board Members are up-to-date and has been verified by 2-Members for accuracy.

[Stays on future regular session agendas for further updates](#)

B. Financial Report – February 2014

See above on pages 3-4 and by Board consensus reports approved as drafted and submitted.

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

A. Foothills Bank 2/25/2014 Letter

Completed: Letter recorded in the record. About Cortez location branch closing with the Miller Valley branch hours.

D. Correspondence(s) Going Out from the District

1.) Reports for District Website When Up and Running

Completed: Two community outreach articles written and posted on website along with hard copies made available at the meeting tonight and for future meetings for the community.

9. PROPOSED AGENDA ITEMS FOR NEXT MEETING: April 28, 2014 7pm Regular Session Meeting

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

1.) Consideration of District Office Space

10. ADJOURNMENT

Chair LaMar adjourned the meeting at 9:58pm.

Respectfully submitted by: Susan Echenrode, DVWD Clerk/Secretary and made available on 3/26/2014

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: 4/28/2014 by Pat Autrey, Marielle LaMar, and Susan Echenrode.

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)
DWID	=	Domestic Water Improvement District
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
PER	=	Preliminary Engineer Report
POC	=	Point of Contact
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 more efficiently)
WIFA	=	Water Infrastructure Finance Authority
UVRWPC	=	Verde River Watershed Protection Coalition