

OPEN PUBLIC SPECIAL SESSION MINUTES
5pm at Hope Chapel, 5145 Ramada Drive, Prescott, AZ
MAY 12, 2014
7PM

1. CALL TO ORDER

Chair LaMar called the session to order at 5:03pm.

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	RESIGNED 4/30/2104

Chair recognized: Good's System Management (GSM): Margie Good, Manager, Cari Good, Customer Relations Manager, and Ron Good, Field Tech - also Deborah Patton from the RCAC

3. ACCEPTANCE OF 4/30/2014 RESIGNATION OF BOARD MEMBER

Member Autrey motioned the District accept the submitted 4/30/2014 resignation of Member Mason, seconded by Member Echenrode, and carried by unanimous vote.

Action and Follow-Up: Clerk/Secretary to update and notify the County and GSM to update the websites with: Board Member with Vacant and keep the remaining 4-year term info the same.

4. ADJOURNMENT

Chair adjourned the meeting at 7:04pm

Following the adjournment of the above session.
EDUCATIONAL SESSION MINUTES

1. CALL TO ORDER

Chair LaMar called the session to order at 7:04pm.

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)	Vacant
CHAIR	TREASURER	VICE CHAIR	CLERK/SECRETARY	MEMBER AT LARGE

Chair recognized: Good's System Management (GSM): Margie Good, Manager, Cari Good, Customer Relations Manager, and Ron Good, Field Tech - also Deborah Patton from the RCAC

3. EDUCATIONAL PRESENTATION

A. INTRODUCTION OF RURAL COMMUNITY ASSISTANCE CORPORATION (RCAC)

PRESENTER AND FACILITATOR

The Chair introduced Deborah Patton of the RCAC. She's a third party independent professional and has expertise in what is going on with small water systems and/or districts around Arizona. Deborah Patton spoke for 30-40 minutes on the main areas of the Value of Water: The Importance of Water, the world's water sources, and how the water gets to customers. She also facilitated the question and answer session.

Following was Marielle LaMar, the Chair, who reviewed the rate structures changes, explained an example of water bill with the new fees and commodity rates, and showed the proposed budget on screen, which each public member had a copy of. Also the following are other key points covered:

- The community has been paying for monthly water losses of 30% and emergency repairs, which amounts to \$240K to \$400K in the last 4-5 years. Money better spent towards a loan.
- Industry standards for "acceptable" water loss for a small district like DVWD is 10% or less.
- Once the District approves a contractor/company to replace the system all emergency leaks during the project's duration will be covered by the contractor/company, and will be included in District's contract going out for bids.
- The community's sole and only water source is the Town of Prescott Valley (PV). If the proposed replacement project doesn't happen, the Fees and Rates will steadily continue to increase anyway to cover the 30% monthly water loss and the continuing emergency operational repairs.
- Agencies and governmental financial entities are willing to help and work with DVWD now and future opportunities may not be there.

B. BRIEF OVERVIEW OF HOW PUBLIC/COMMUNITY QUESTIONS AND ANSWERS WILL BE ADDRESSED

Public/community questions and/or comments were handled as follows: Anyone wishing to participate during the public/community questions and answers part needed to fill-out a question/comment card provided at the meeting.

C. A WATER OVERVIEW AND IMPORTANCE OF SAFE DRINKING WATER FOR THE COMMUNITY

- Health risks were discussed because of the high number of water breaks. The majority of the water piping is asbestos/cement transite piping to delivery water to the community and the piping has been repaired over and over. Another example is the system lacks isolation valves, air relief valves and blow-off valves.

D. PROPOSED RATE CHANGES AND PROPOSED BUDGET

- The District strongly believes the current water system is no longer sustainable. The proposed base fee increase from \$43 to \$69 demonstrates to WIFA the District will have the income to secure the 5-million dollar loan.
- The proposed budget was driven by the Engineered Water Rate Analysis done in February 2014 to support the 5-million dollar loan the District is getting final approval on.
- The commodity rate tiers were expanded.
- The District approved one of the seven rate options from the Engineered Water Rate Analysis Report that had included the District making a \$10K/month contribution. And the \$10K/monthly is available from past reserve funds (in the bank) the District had set aside for special projects. The proposed budget as presented is projected to generate the needed \$80,500/month or \$966,000/year, which was determined by the Engineer Rate Analysis to cover the loan payments.

E. PUBLIC/COMMUNITY QUESTIONS AND ANSWERS

A total of 42 people were present at the meeting: 4-Board, 3-Management, 1-RCAC, and 34-public -- 30-folks signed in and provided the requested information on the sign-in sheets. Twelve questions cards were completed.

The below **questions** were grouped if related and answered by the Board and/or Management Team as follows:

Town of Prescott Valley questions

1. Will Prescott Valley take us [the District] on after the upgrade [Replacement Project]?

Prescott Valley has no jurisdiction over the DVWD, which is a Domestic Water Improvement District under the Yavapai County Special Districts authority.

How much does the District pay PV for water per 1,000 gallons?

The District's monthly bill from PV is \$13K – 16K+ per month for water usage of 2+million to 3+millions gallons per month.

Was it the expiration of the old water contract with PV [covered in the Q & A session] and how can PV increase the DVWD rate if there's an existing contract?

The old 1996 water contract between Shamrock (transferred to PV) and DV Water Users under the ACC (transferred to DVWD) was never transferred officially, nor been re-negotiated. If PV should increase the DVWD water rate that would gets passed onto the community. Also the 30% water loss is approximately 700K to 1 million gallons/month that the community is paying for.

2. How long is the loan for?

It's a WIFA 20-year loan for \$5-million dollars.

Once the loan is approved, how long is the replacement project going to take?

It would depend on the contractor/company hired after the bidding process is completed and approved.

3. How come the per gallon costs increases can't be kept around 12%-15%? A 25% increase per gallon is unrealistic for the average person to afford.

The District's income comes from the sale of water. The District must generate the necessary income for the projected expenses, building up/adding of the Reserves, and covering the 5-million dollar loan. So all income is evaluated to meet the District's financial responsibilities for the community water utility needs.

How come 'credits back' aren't done for low users or those that help pay for improvements at their residence?

The District strives to make equitable increases in the water rate structure changes during the proposed budget process and also looks back on all past increases.

4. How many leaks are main lines versus service lines breaks?

Multiple water breaks occur each month, with a higher percentage of service lines than main line breaks.

5. What about grants? And why not grants rather than a loan?

The District has received and used two grants. WIFA has denied future grants.

6. Why is the Good company [current management] getting a \$60K increase?

This is a negotiating process between the District and Management. The proposed budget has a projected increase, which will be negotiated before July because Management has shown/justified its past expenses have well exceeded their original contracted amount with the District.

District's past management was providing part-time management/operations because of running multiple other water systems. After current Management was hired the manager chose to focus full time on the District. Deborah Patton of the RCAC had given the average state salary for a full time qualified/certified operator and manager as \$200,000 per year, and the available number of operators is decreasing because the retired operators haven't been replenished.

7. Why isn't DV incorporated with Prescott Valley or Prescott?

Please see answer to question #1 above.

8. Comment Received:

"We can't afford a 30% water loss much longer. We are on the right track".

4. ADJOURNMENT

Chair adjourned the meeting at 8:14pm

Respectfully submitted by: Susan Echenrode, DVWD Clerk/Secretary and made available on 5/15/2014

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: 5/26/2014 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

ACC	=	Arizona Corporation Commission
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)
CCR	=	Consumer Convenience Report (yearly <u>required</u> water quality report to all water users, usually by July 1)
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