

**MEETING MINUTES OF OPEN PUBIC MEETING**  
**BOARD OF DIRECTORS**  
**DIAMOND VALLEY WATER DISTRICT OFFICE**  
**(LEGAL SHIELD BUILDING)**  
1277 N. RHINESTONE, PRESCOTT, AZ  
**7:00 PM**  
**Monday, January 25, 2016**

**CALL to ORDER**

Chairman D. Cracknell called the **Regular Meeting** to order at 7:01 pm.

**ROLL CALL of BOARD MEMBERS** P = PRESENT NP = NOT PRESENT

**DAVE CRACKNELL (P)**      **BILL HUNT (P)**      **JEAN HEBERER (P)**  
**KURT WOMACK (P)**      **JO ANN HOLT (P)**

**Also present:** Don Bohlier for District Management; District Accountant Stephen Crandall & Accountant David A. Snyder; 5 DV Members of the Public.

**DVWD FINANCIAL AUDIT REPORT BY MR. DAVID SNYDER**

Mr. David Snyder presented the Board a 13 page Independent Auditor's Report for the FY (Fiscal Year) 2015 (July 1, 2014 - June 30, 2015), and a review for 2014.

The total assets of 2014 were \$1,080,178; 2015 was \$1,373,977. Financial highlights: District's total net position increased by \$241,879 (\$1,237,663); total operating revenue received in 2015 increased by \$219,839; total operating expenses increased by \$81,086.

Total operating revenues from 2014 to 2015 increased by \$219,839; the increase was a direct result of an increase in water rates approved by the Board for the FY2015.

Total professional services and general administrative cost was \$277,980 FY2015, and \$199,467 FY2014. The increase is primarily attributed to the cost for professional services and certain other costs incurred to explore the condition of the District's water distribution system (KW - System Replacement Project).

Budget highlight: revenues were under budget because the water rate increase was reversed by the Board, and was effective during the last 3 months of FY2015.

Capital assets: District's investment in capital assets as of June 30, 2015 was \$564,221 (increased \$52,568). During 2014-2015 the District made significant capital improvements for structure and housing at its Ramada and Rose Quartz pump locations.

The District stayed well within budget for the FY ended June 30, 2015. For the FY2016, the Board budgeted for a systematic replacement of certain service lines, the total anticipated cost of replacement budgeted was to be no more than \$150,000, of which will be paid with funds previously designated for capital improvements. [\[11.M5.02.2015\(SS1.00pm\) item 3A\]](#)

Some highlights from the statement, 2015/2014:

Water sales	\$748,944/\$571,409
Establishment fees	\$4,002/\$2,660
Late fees	\$15,025/\$4,916
New service contributions	\$51,992/\$20,400
Management services	\$152,490/\$125,439
Legal services	\$28,037/\$991

Engineering & other	\$21,667/\$10,695
Board member stipends	\$4,676/\$98
Office space	\$4,128/\$7,137
Net cash provided by operating activities	\$302,347/\$104,869

Stephen Crandall was able to close out all financial records before handing over to David Snyder. [12.M6.10.2015(SS10.00am) item 3] S. Crandall stated the District is in a fair position, has very little debt. Chair Cracknell asked why we are in a “fair position”, S. Crandall stated we have good Reserves and Capital Improvement funds, so have some leeway to make decisions. K. Womack asked, considering the rates were lowered last year in the last few months of the FY, would we be able to project how we will be a year from now; variables are the system repairs and water loss reduction. J. Heberer stated that we will be using more of our income on repairs since the rate was lowered, we might not be in as fair a shape a year ahead; Mr. Snyder explained investment of repairs resulting in lower loss with have a payback.

Paper report will be in the Office for the Public to review.

**ADMINISTRATIVE HOUSEKEEPING**

D. Cracknell reported no change to the Leaning Tower of Opal (water tank), next reading will be in April. *(Late March prior to March monthly meeting)*

**CALL TO THE PUBLIC**

Jody Savage asked (third time) that the Hook-up fee be put on an agenda; D. Cracknell said it will be on the next Special Session Feb. 1. [M6.29.2015(PH,SS7.00pm) R2015-06-29]

**1. MANAGER’S REPORT**

A. December: Total active customers 718; total water sales revenue \$12,577.76; total base service \$30,895.10; total charges \$68,103.75.

Total gallons pumped 2,504,760; total gallons sold 1,945,625; accounted loss 141,000; unaccounted loss 418,135; **16.69% water loss.** Read from 11-21-15 to 12-19-15.

In-line valve installed at Diamond and Pearl, 20,000 gal. loss. Capital Improvement at 4695 Donna came across a leak calculated loss 24,000 gal. Diamond Dr. at Pearl took out 1” meter, 1” PRV (pressure relief valve), installed 4” valve, calculated 20,000 gal. (old house that had been demolished “conglomeration”). On Pearl another 4” in-line valve installed, 20,000 gal. 4642 Barbara & 4663, 4649 Donna, Capital Improvement service lines, section of main replaced, 3 new saddles, 25,000 gal. K. Womack asked if that has been leaking, did it show itself, was it detected by Milliron (no), but was with borrowed detector, did not show on the ground. Leak at 5250 Sapphire, 2,000 gal. 5250 Sapphire leak, 2,000 gal. 4760 Donna, Capital Improvement leaking service about 2,000 gal. lost per day, didn’t show up until digging. Changed out 6 meters. 31 red door hangers, about 40% repeats, it has been effective. 22 Capital Improvements. Two new hook-ups.

Keeping track separately for Capital Improvements, these 22 were in Easement locations with hand digging. For 22 services, \$10,072 in parts, \$13,474 labor = \$23,546.

[Easement report] At Wade’s Furniture location, main goes across corner of property behind their fence. J. Heberer asked if Don will make an address list of Easement violations. D. Cracknell asked for a sample violation letter. D. Cracknell asked about other problem locations; Don said Barbra/

Donna and Donna/Gloria Easements have fences over the main. Kurt got a copy of all the original Units 1-9 plat maps that show Easements.

B. Year End Report: Replaced 70 meters form over a million gallon to dead meters. Have been installing in-line isolation valves. Upgraded 31 water services. Emerald pump station has been removed. Have abandoned two wells so far. Added pump protection, low flow switches and surge protection to Rose Quartz and Ramada pump stations. Has been using borrowed leak detection equipment; clarified that he did find 5 leaks with Milliron.

## **2. TREASURER'S REPORT**

A. December: Total cash, checking and savings is \$706,200, down from Nov. Net income was -\$34,065. Total current assets \$763,482. Total liabilities \$1,327,649. Revenues are down, also water loss, balances out. System repairs and maintenance were \$26,761, had budgeted \$5,000. Utility costs went down to about \$3,200. Accounting and bookkeeping way over budget, \$10,055, budgeted \$1,656, because the audit/review were not taken into account.

D. Cracknell asked D. Bohlier if the repair costs will eventually come down, Don assured the Board that it will, that the program to replace the poly pipe services is successful for locating, *and* to fix undetected leaks.

B. Year End Report: Jean read from her Newsletter contribution. Some basic facts about finances, at the end of Calendar Year 2014, we had a total of \$572,297 in cash accounts; end of 2015 have \$651,422. Our net income for 2014 was \$138,337; for 2015 it was \$71,120, a significant drop. Some contributing factors are: water revenues were only 79% of what was budgeted, but water loss has improved which offsets that some. Total Operations and Maintenance was 258% of budgeted costs, because we aren't just patching leaks. Total income was only 89% of budgeted income. Total cost of goods sold was 128% of the budget. Gross profits were only 62%. Areas we saved: \$3,872 on utilities, \$14,135 on contract services, \$2,500 on supplies and equipment, \$17,033 other management services, \$26,953 on total professional expenses, \$1,883 advertising and promotion. Areas over budget: \$6,024 for legal, \$16,433 accounting and bookkeeping, \$2,088 Office rent, \$1,626 for postage. New item, the Board stipends were \$9,475. [\[7.M.17.2015\(SS1.00pm\)\]](#) Jean pointed out the Budget was based on the previous higher rates, along with other changes, so we are planning year to year at this time.

## **3. APPROVAL OF DRAFT MINUTES**

A. Monthly Session Dec. 28, 2015. [\[6.M12.28.2015\(R7.00pm\)\]](#)

B. Special Session Jan. 6, 2016 [\[7.M01.06.2016\(10.30am\)\]](#)

C. Special Session Jan. 18, 2016 [\[7.M01.18.2016\(7pm\)\]](#)

Dave Cracknell had some revisions. K. Womack motioned to approve all Minutes together; B. Hunt seconded.

**APPROVED 5-0.**

Kurt revised the December Minutes, then downloaded the Calendar Year 2015 Agendas, Minutes, and Resolutions files onto other member's thumb drives.

#### **4. STATE OF THE DISTRICT ADDRESS**

Dave Cracknell ad libbed his Newsletter contribution. When he joined the Board, wanted to bring his 28 years of engineering expertise, and a voice of reason. We were hoping to find the Holy Grail of leaks, didn't. He acknowledged Jean's report of last three months in the red, repair costs are much like the stock market, investment is long term, but the last month water loss of 16% is lower than last 5 years. Thanked fellow Board members.

#### **5. RATIFICATION OF BOARD OFFICERS**

D. Cracknell motioned to have J. Heberer be Vice Chair, J.A. Holt be Treasurer, B. Hunt be Member At Large; B. Hunt seconded. Kurt asked why nobody wanted to be Secretary.

**APPROVED** 5-0.

**2016 DVWD Board members:**

**CHAIR:** Dave Cracknell  
**VICE CHAIR:** Jean Heberer  
**TREASURER:** Jo Ann Holt  
**CLERK/SECRETARY:** Kurt Womack  
**MEMBER AT LARGE:** Bill Hunt

#### **6. BRIEF OUTLINE OF FEBRUARY SPECIAL SESSION**

Lowering of Hook-up fee, Inventory parts, Easements [Suspension Of Rules for Don to report].

### **ADJOURNMENT**

**Meeting adjourned at 8:32 PM**

**NOTE:** [M00.00.2015] Indicates reference to Minutes from previous meetings.  
[aa] Robert's Rules Of Order.

Meeting Minutes prepared by Kurt Womack, Clerk/Secretary and made available on 02-23-16.

DRAFT to be APPROVED of these Meeting Minutes sent via email to all current Board Members and Management for review. Board approval to be an agenda item at the next scheduled DVWD REGULAR Meeting. In addition, two copies maintained and available in a file box at Permanent location at 1277 N. Rhinestone Dr., #2, Prescott, AZ 86301 in Diamond Valley for interested public.

An email copy of future DVWD Meeting Minutes and Agendas can be sent by requesting to be put on the electronic PerDVEmailRequest group list and providing an email address to: <http://diamondvalleywaterdistrict.com>

**APPROVED ON:** \_\_FEB. 22, 2016\_\_ by D. Cracknell, B. Hunt, J. Heberer, K. Womack.