

Rim Trail Domestic Water
Improvement District

240 E. Box Elder Lane Payson, AZ 85541 (928) 472-7585

Board Members

Chairperson: Dave McKibben
Secretary: Gary Richardson
Treasurer: Ray Tanner, Jr

Management

Manager: Harry Jones, HDJ Management, LLC
Operator: a Quality Water Co.

DRAFT UNTIL APPROVED AT THE NEXT BOARD MEETING

Minutes of the Rim Trail Domestic Water Improvement District Board Meeting held at Whispering Pines Fire Station on Saturday, May 24, 2014 at 4:00 pm as well as telephonic conference at (712) 432-5610, access code 1714.

1. Call to order: The meeting was called to order at 4:01pm by Chairman Dave McKibben.
2. Roll Call and Determination of a Quorum of Board Members Present: A quorum was present with all Board members in attendance. Also present in person was Harry Jones, District Manager, as were nine property owners. One property owner participated via telephone conference line.
3. Approval of minutes of prior meeting: The minutes of the prior Board meeting on May 17, 2014 were presented and approved.

4(a) Treasurers Report: The financial report was presented by Treasurer Ray Tanner. We have approximately \$72,000 in the bank, and have approximately \$3,909 in accounts payable. It was reported that \$30,248 of the cash was from the 2011 levy. A property owner asked why we use the accrual method, while the cash method presents a more accurate picture. The Treasurer answered that it is typical for a business to use the accrual method, and that CPAs will only sign an accrual method report. It was asked if we could present the financial reports using both methods. This is easily done with our software. The report was shown on the screen using the cash method also, with few observable differences in the numbers. A property owner asked which length of time we use to depreciate our assets. Harry Jones responded that we use different lengths of time for different assets, based on their expected lifespan.

4(b) Clerk/Secretary's report: None.

4(c) Chairman's Report: None.

4(d) District Chairman's Report: Harry Jones reported on issues that need to be addressed by the Board:

- Move the pick-up point upstream of the Cragin Blue Ridge outlet, in order to use the cleaner E. Verde River water. This would go a long ways to solve the turbidity problem facing us.
- The expensive ceramic filters get plugged up in a short time, resulting in huge labor commitments. One solution would be to install a flocculant or coagulation system, if the pick-up point cannot be moved upstream.
- The budget for 2014-2015 needs to be developed and approved soon. Mr. Jones indicated the budget is due to the County prior to about the second Tuesday of July, with the starting date of July 1.
- The bylaws need to be updated, especially concerning the Board and Management interactions.
- A new District Manager contract needs to be approved and implemented.
- The oaths of office of members of the Board need to be updated with the County Board of Supervisors.

- The signature cards at the bank need to be updated with signatures of new Board members, and resignation letters need to be obtained from former Board members Don Nelder and Dick Johns, and sent to the County Board of Supervisors.
- The water tanks need to be inspected at a cost of up to \$4,000. This expenditure is in the current budget. Harry says he was told to reduce costs wherever possible, but this needs to be done soon.

In terms of actions related to the reports presented, the Board requested Harry Jones to take care of getting the oaths of office of the two new Board members and the resignations of Dick Johns and Don Nelder to Gila County, and do what is needed to add Dave McKibben and Gary Richardson as signers on the bank accounts.

A motion was made by Ray Tanner and seconded by Gary Richardson that the District Manager be authorized to spend up to \$4,000, as had been authorized in the 2013-2014 budget, for the inspection and minor repair of the storage tanks. If the estimates exceed the \$4,000 budgeted amount the District Manager will report back to the Board with the revised estimates. The motion passed unanimously.

A property owner asked if greater utilization of our wells might be a simpler, less expensive solution to solve the turbidity problem. He wondered if we could also use a temporary pipeline on top of the ground, as a possible less expensive way to move the pick-up point upstream.

High priority agenda items:

5(a) Relocate the pick-up point to resolve the turbidity issue (this discussion also covered item 5(b) on the agenda)

Mr. Tanner commented that a coagulant system could cost \$8,000 for testing and another \$20,000 for installation. There might be additional ADEQ approval costs. Monthly maintenance/chemicals could cost approximately \$300/month. Mr. Tanner commented that costs could skyrocket in the future; we don't know. Mr. Jones indicated the filtration plant has been off-line and shut down since the Cragin water system was now turned on, and if we ran the water treatment plant we would be in violation of turbidity standards. However currently there is no penalty assessed for violation of the secondary turbidity standard that relates not to health issues, but only to the color of the water that is filtered. Ray Tanner showed a map of a possible route for the water line from a higher pick-up point. Payson has done an Environmental Assessment for a new underground pipe in the same area, but the Tonto National Forest Payson District Ranger indicated RTDWID cannot piggyback on Payson's EA. We must pay for our own. Their EA cost about \$275,000. If we do a pipeline above ground as a temporary solution, we will need AZ Dept of Water Resources and/or SRP's approval. A property owner asked what would be the cost of a 2 inch poly line above ground. It was noted that we could contact an engineering company to get an approximate cost. Following this discussion it was noted that HDJ Management had provided the Board prior to the meeting a Project Management Proposal to cover the moving of the point of diversion and reopening discussions with SRP. Ray Tanner noted that he had a few changes. Rather than continuing to discuss details of this proposed agreement at the meeting, Chairman McKibben suggest that Ray work out the details with Harry. Ray was authorized to sign the revised agreement on behalf of RTDWID. Mr. Jones had indicated on his first reading the changes as presented on the screen, he saw no objections to the changes proposed by Mr. Tanner, but he asked to be sent a copy of the suggested changes for closer evaluation. Chairman McKibben so moved, seconded by Gary Richardson, to authorize Ray Tanner to approve the agreement. The motion was passed unanimously.

Additionally it was moved by Ray Tanner, seconded by Gary Richardson, and passed unanimously, to authorize Harry Jones and Ray Tanner to spend up to \$2,000 (in the aggregate) for expenses associated with the point of diversion move that we would need to have available prior to the next Board meeting, to engineer the move and to determine the feasibility and cost of the move.

5(b) See 5(a) above.

5(c) Set up budget meeting and rate hearing ASAP

After discussion of necessary budgeting steps, Chairman McKibben announced the date for the first budget meeting to adopt a "proposed" 2014-2015 budget for the public to ultimately review, be set for June 14 at 1:00pm at Whispering Pines Fire Station, pending availability. Harry Jones and Ray Tanner were directed to coordinate to prepare the documents for this meeting. The date of the formal required budget hearing, at which the public reviews and comments on the proposed budget, and at which the Board approves a final budget, was set for June 28, 2014.

5(d) See action taken under "reports."

5(e) See action taken under "reports."

5(f) Request for an increase by HDJ Management (No action)

5(g) Amend bylaws as recommended by Dick Johns (No action)

5(h) Discuss and take possible action regarding the need to review and define officer job descriptions and authority over District Employees outside of an official Board meeting (No action)

5(i) Liaison between Payson and RTDWID regarding Payson pipeline (No action)

5(j) Five-member board

Ray Tanner suggested Gary Richardson be appointed to pursue legislation to allow this change. Motion was made by Ray Tanner, seconded by Chairman McKibben, and passed directing Gary Richardson to advance this proposal.

5(k) Flat property tax

Ray Tanner suggested Gary Richardson be appointed to pursue legislation to allow this change. Motion was made by Ray Tanner, seconded by Chairman McKibben, and passed directing Gary Richardson to advance this proposal.

5(l) Discuss replacing existing water system (No action)

Public comments: A property owner asked for a \$10 per month reduction in our individual water bills. No discussion or action occurred.

Meeting was adjourned at 6:03 pm.

Dated this 26th day of May, 2014 Rim Trail Domestic Water Improvement District

By Gary Richardson, Secretary