

Meeting Minutes
Board of Directors of The Highland Pines Domestic Water Improvement District
May 10, 2018, 10:30 a.m. at
Improvement District Services, Inc.
3603 Crossings Drive Prescott, AZ 86305

District Board Meeting Guidelines: The meeting will be held in accordance with A.R.S. Title 38 Open Meeting Laws. Board and attendees participation shall be civil and courteous. Any disruptive behavior could result in removal from the meeting. Comments and questions from the public shall be called upon by the Board Chairman, and shall begin with stating and spelling of the speaker's name and address. All comments and questions shall be directed to the Board Chairperson. Persons with a disability may request a reasonable accommodation such as a sign language interpreter, by contacting Jennifer Bartos, Improvement District Services, Inc. at (928) 443-9484. Requests should be made as early as possible to allow time to arrange the accommodation. Requests for copies of Board Meeting minutes or other District documents, inquiries, or complaints should be submitted in writing to: Improvement District Services, Inc., 3603 Crossings Drive Prescott, AZ 86305.

Call to Order (10:33): Jim Kullas, Bob Hafen, Sandy McClintock present. David Barnard absent. Also present and participating: Dave Dirren, Sunrise Engineering; Jennifer Bartos, District Clerk; Dakota King, Improvement District Services, Inc.; Jerry Woodward.

1. Discussion and possible action regarding a request by Yavapai County Development Services for the as-built packet, certificate of completion, and testing data for the 2012 project to replace water mains in Highland Pines.

Jennifer stated that she was contacted by Yavapai County Development Services looking for the above specified documents for the 2012 project to replace water mains. Dave Dirren stated that he can contact Yavapai County and discuss the necessity of the documents, and discuss with them that the record keeping around 2012 was disorganized, as long as the district is willing to pay for time and supplies. Jennifer stated that Tim Robbins was the Engineer during the time of this project.

Motion: made by Director Hafen to direct Dave Dirren to contact the county and pay for time and materials to do so, second by Chairman Kullas. Unanimous Approval.

2. Discussion and possible action regarding an update on the project to upgrade District water lines with the assistance of the WIFA Planning and Design Technical Assistance fund.

Dave Dirren gave an overview of the Water Supply Line project as well as his communication with the Forest Service. Director McClintock stated that the Forest Service easement is located in one of the three record binders that is in the possession of Chairman Kullas. Jennifer inquired to Dave Dirren about a construction grant from WIFA, to which Dave replied that Highland Pines is too affluent to be accepted for a WIFA construction grant. Jennifer asked if the Board plans to take out a WIFA loan for the construction, to which Chairman Kullas stated that it is the fiscal responsibility of the Board to do so, once a preliminary cost is established. Chairman Kullas asked about the timeline, and Dave responded that he will be able to establish a timeline after talking with the Forest Service.

Jerry Woodward stated that there are two special use permits with the Forest Service, and has the permit number for each.

3. Discussion and possible action to adopt the Fiscal Year 18/19 tentative budget, rates and fees, and if applicable, set the hearing date and time.

Jennifer stated that the insurance is higher due to possible additional coverage for the construction of the water line. Jennifer stated that she will be taking off the word "Madizell" on lines 26 and 27. Dave stated that he would estimate that \$3 million would cover the construction of the mainline, and Jennifer stated that there will be an income and expense line to match this amount. Jennifer stated that line 30 will replace "Quad/Backhoe" with "UTV".

Motion: made by Director McClintock to adopt the Fiscal Year 18/19 tentative budget, rates and fees, and set the hearing date and time as June 7th, 2018 at 10:00 a.m. at the Improvement District Services office, second by Director Hafen. Unanimous Approval.

Jennifer stated that the Notice of Disconnection Doorhanger Fee and Connection/Reconnection Administration Fee are newly added fees. The Notice of Disconnection Doorhanger Fee was increased to \$50.00, and the Connection/Reconnection Administration Fee will be taken off. "Girl Scout Camp" fee will be updated to "\$50.00 flat rate plus \$.75 per 1,000 gallons".

Motion: made by Director Hafen to approve the Fiscal Year 18/19 Rates and Fees as amended, second by Director McClintock. Unanimous Approval.

4. Discussion and possible action regarding the Administrative Services Staff Report from Improvement District Services, Inc. regarding staff activities, collections, direction to the Clerk for future agenda items and other administrative issues.

Dakota gave the report of Improvement District Services. No action taken.

5. Discussion and possible action regarding the recruitment of new board members.

Chairman Kullas stated that the Board is still waiting for a final word from the Attorney General regarding Celia Carr. Chairman Kullas entertained the idea of sending out an e-mail request for new board members through the Highland Pines Homeowners Association. Jennifer stated that Improvement District Services and Fann Environmental has an e-mail list for the Highland Pines customers. The Board directed Improvement District Services to send out an e-mail regarding the recruitment of new board members to qualified electors, explaining the qualifications of being a Board Member.

6. Discussion and possible action regarding administrative issues to include:

- a) Approve meeting minutes of February 12, 2018;
Director McClintock asked that the second of the motions of item 7 both be replaced with "Director Hafen".
Motion: made by Director McClintock to approve the meeting minutes as amended, second by Chairman Kullas. Unanimous Approval.
- b) Approve checks written between February and April 2018.
Motion: made by Director McClintock to approve the checks written between February and April 2018, second by Director Hafen. Unanimous Approval.

7. Presentation from Director Kullas regarding the maintenance of the water system.

Chairman Kullas stated that the plant is functioning properly. He stated that the fire department did not use any of Highland Pines water this year.

Public Comment Period: The public will be given the opportunity to comment to the Board of Directors on non-agenda item issues pertaining to the District. This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Therefore, pursuant to A.R.S. § 38-431.01(G), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Two minutes will be allowed for each speaker.

Motion: made by Director McClintock to adjourn, second by Director Hafen. Unanimous Approval.
(11:52)

Fiscal Year 2018-2019 Adopted Budget

Exhibit A

	Expense	FY 17/18 Budget	3/31/18 Actual	12 Month Estimate	FY 18/19 Budget
	O&M EXPENSE				
	Administration				
1	Administrative Contract	\$48,111	\$36,289	\$48,111	\$49,362
2	Activation Fees	3,600	1,265	1,650	700
3	Additional Admin Services	1,200	0	0	1,200
4	Collections	4,000	2,500	3,333	4,000
5	Annual CCR Report	1,320	0	1,320	1,320
6	Attorney Services	750	0	0	750
7	Banking Expense	350	90	120	350
8	Directors Compensation	1,875	975	1,575	1,875
9	Elections/County Reimbursement	7,500	0	0	0
10	Insurance	9,764	0	9,764	11,717
11	Office Supplies	300	0	0	300
12	On-line Payment Processing	360	358	477	500
13	Postage	500	0	500	500
14	Professional Services - CPA	3,500	0	0	3,500
15	Publishing	500	33	310	500
16	Registrations & Blue Stake	500	162	500	500
17	WIFA Loan Payments:				
18	Loan Payment 92A144-09	8,784	6,588	8,784	8,784
19	Loan Payment 920220-12	40,002	29,653	39,318	39,318
20	WIFA R&R Reserve Fund 2009	1,757	0	1,757	1,757
21	WIFA R&R Reserve Fund 2012	7,869	0	7,869	7,869
	Operations				
22	Buildings & Structure Repairs	1,000	0	1,000	1,000
23	Electricity	14,500	9,957	13,276	14,500
24	Emergency Services	21,000	15,326	15,326	21,000
25	Engineering-GIS Updates	18,000	355	355	0
26	Engineering-Transmission	50,000	0	0	50,000
27	Construction-Transmission	0	0	0	3,000,000
28	Lab Analysis	500	814	1,085	1,100
29	Line, Meter & Valve Replacement	0	969	1,300	1,300
30	Machinery (UTV)	2,500	0	0	1,200
31	Meter Purchase & Backflow	500	1,070	1,070	1,000
32	Operating Equip & Supplies	10,000	2,951	3,935	10,000
33	Operations Contract	32,000	24,390	32,520	33,495
34	Operations Additional Svcs	4,800	3,153	4,200	4,800
35	Propane	150	0	0	150
36	Sales Tax	7,300	4,666	5,972	7,300
37	Telephone & Dialer	700	453	604	700
38	Water Purchase - City of Prescott	107,000	58,825	101,559	107,000
39	Contingency	41,249	1,174	5,000	38,935
40	Emergency Reserve Fund	159,046	0	0	182,190
41	Total O&M Expense	\$612,787	\$202,016	\$312,590	\$3,610,472
	CAPITAL EXPENSE				
42	Capital Fund Balance	\$98,127	\$0	\$0	\$100,968
43	City of Prescott Buy-in Fees	10,000	0	0	10,000
44	Total Capital Expense	\$108,127	\$0	\$0	\$110,968
45	TOTAL EXPENSE BUDGET	\$720,914	\$202,016	\$312,590	\$3,721,440

Highland Pines Domestic Water Improvement District
Fiscal Year 2018-2019 Adopted Budget

Revenue

O&M REVENUE		FY 17/18 Budget	03/31/18 Actual	12 Month Estimate	FY 18/19 Budget
46	Activation/Transfer Fee	\$0	\$1,436	\$1,800	\$700
47	Ad Valorem Tax	0	0	0	0
48	Collection Fees	2,800	3,688	4,917	3,000
49	Miscellaneous Income	0	0	0	0
50	Construction-Transmission	0	0	0	3,000,000
51	Mainline WIFA Grant	0	0	0	35,000
52	O&M Interest	250	1,491	1,988	250
53	Permit Fee	0	0	0	0
54	Pumping Fees	500	230	500	500
55	Sales Tax - Water	7,300	4,479	5,972	7,300
	User Fees:				
56	Base Fee	244,458	159,849	213,132	227,000
57	Water Sales	<u>112,523</u>	<u>69,055</u>	<u>92,073</u>	<u>112,523</u>
58	Total O&M Revenue	\$367,581	\$240,228	\$320,382	\$3,386,273

CAPITAL REVENUE

59	Capital Interest	\$376	\$668	\$802	\$500
60	City of Prescott Buy-in Fees	10,000	0	0	10,000
61	Hook up Fee	0	2,000	2,000	0
62	Miscellaneous Cap Income	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
63	Total Capital Revenue	\$10,376	\$2,668	\$2,802	\$10,500

64	TOTAL REVENUE BUDGET	\$378,207	\$242,896	\$323,184	\$3,396,773
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**Highland Pines Domestic Water Improvement District
Fiscal Year 2018-2019 Adopted Budget**

Fund Balances

<u>O&M Fund Balance</u>	
Balance as of March 31, 2018	\$254,619
Estimated Expenses 17/18	<u>-110,574</u>
Subtotal	144,045
Anticipated Revenue 17/18	<u>80,154</u>
Estimated Ending Balance 17/18	\$224,199
Est. Beginning Balance 18/19	\$224,199
Estimated Revenue 18/19	<u>3,386,273</u>
Subtotal	3,610,472
Estimated Expense 18/19	<u>3,610,472</u>
Estimated Ending balance 18/19	\$0

<u>Capital Fund Balance</u>	
Balance as of March 31, 2018	\$100,334
Estimated Expenses 17/18	<u>0</u>
Subtotal	100,334
Anticipated Revenue 17/18	<u>134</u>
Estimated Ending Balance 17/18	\$100,468
Est. Beginning Balance 18/19	\$100,468
Estimated Revenue 18/19	<u>10,500</u>
Subtotal	110,968
Estimated Expense 18/19	<u>110,968</u>
Estimated Ending balance 18/19	\$0

<u>O&M Reserve Fund</u>	
Balance as of March 31, 2018	\$5
Anticipated Revenue 17/18	<u>0</u>
Estimated Ending Balance 17/18	\$5
Est. Beginning Balance 18/19	\$5
Estimated Revenue 18/19	<u>182,190</u>
Estimated Ending balance 18/19	\$182,195

Fiscal Year 2018-2019 Adopted Budget

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<u>WIFA R&R Fund 2009</u>		
Balance as of March 31, 2018	\$5,270	
Anticipated Revenue 17/18	<u>1,757</u>	
Estimated Ending Balance 17/18	\$7,027	
Est. Beginning Balance 18/19	\$7,027	
Estimated Revenue 18/19	<u>1,757</u>	
Estimated Ending balance 18/19	\$8,784	

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<u>WIFA R&R Fund 2012</u>		
Balance as of March 31, 2018	\$7,869	
Anticipated Revenue 17/18	<u>7,869</u>	
Estimated Ending Balance 17/18	\$15,738	
Est. Beginning Balance 18/19	\$15,738	
Estimated Revenue 18/19	<u>7,869</u>	
Estimated Ending balance 18/19	\$23,607	