

MINUTES
PINE CREEK CANYON DOMESTIC WATER IMPROVEMENT DISTRICT
PO Box 945, Pine, AZ 85544
June 18, 2022

Regular Meeting
Date: Saturday, June 18, 2022

Place: Pine-Strawberry Fire Department Training Room, 6198 W. Hardscrabble Road, Pine, Arizona 85544
Teleconference Number: 1-877-594-8353, Participant Pass code 20932491#
Phone in participants will be placed on hold listening to music until the
Chairperson joins the meeting
Time: 9:00 AM

DRAFT
Until approved at a future meeting

1. CALL ORDER

The meeting was called to order at 9:02 AM by Chairman Allan Johnson.

2. ROLL CALL OF BOARD MEMBERS/DECLARATION OF QUORUM

Present - Allan Johnson, Bill McClung, Tom Kelly and Dave Karr. A quorum is declared. Others Present: Harry Jones, District Manager, Pat Watson, Admin. Asst., Carri Kelly, Resident. Present by phone John and Sandy Velotta, Residents

3. ADJOURN TO BUDGET/RATE HEARING – 9:05 am

- a. Treasurer or District Manager to summarize the Proposed 2022-2023 Budget, Rates and Fees.
- b. Public Comment on proposed budget, rates, and fees.

The Budget Rate Hearing was opened by Dr. Johnson at 9:05 AM. With the absence of Mr. Crews, the Treasurer, the District Manager presented the overview of the major items in the proposed District budget for the fiscal year 2022-2023. He noted the following highlights:

- Tax revenue is proposed at \$105K which, due to new properties coming on the tax rolls, should amount to a slight tax decrease for the current property owners.
- Wastewater fees at \$119K compared to the e\$115K for the current year.
- Water fees at \$116K down from \$119K expected the current year, down slightly due to less impact fees in next fiscal year.
- Admin expenses at \$105K compared to the expected \$96K for the current year, with next year including \$5K of contingency expense.
- The Board of Directors up 2.5K due to higher CPA fees. Legal fees which have not incurred for 10 or more years are projected at \$5K in case some legal issues come up.
- Wastewater operating costs at \$86K vs \$79K in the current year, mainly up due to a \$6K expected contingency included for next year.
- Water operations expense down \$3K over the current year due to less unexpected major repairs like occurred in the current year.

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- Capital Expenses next year to be only \$14K (included \$6K contingency expense) compared to over \$110K incurred in the current year.
- Applying an additional \$30K in capital reserves to our current reserve balances.
- Year ending change in cash position of a positive \$6K for the upcoming year with the following three years expected to be short by \$3K-\$14K

After only a couple comments on the proposed budget and fees, noting a \$5 increase per month for the base water rate fees, and after no questions from the public in attendance, the public hearing was closed.

4. **RECONVENE REGULAR BOARD MEETING**

The regular Board meeting was then again called into regular session at 9:15 AM to consider other agenda topics

5. **DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE 2022-2023 PROPOSED BUDGET, RATES, AND FEES.**

Without any suggested changes in the proposed budget, Mr. McClung made a motion to adopt the proposed budget, rates and fees as presented, as the official budget for fiscal year end at June 30, 2023. Mr. Kelly seconded the motion. All say Aye. None say Nay. The motion passed.

6. **CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETING(S):**

March 19, 2022, Regular Meeting

April 30, 2022, Budget Workshop Meeting

May 4, 2022, Special Budget Meeting

Mr. Kelly moved to approve the minutes of the above meetings. Mr. McClung seconded the motion. All say Aye, and none say Nay. The motion passed.

7. **CALL TO THE PUBLIC FOR INPUT ON SCHEDULED AGENDA TOPICS**

No comments from the public on the current agenda items.

8. **REPORTS**

a. Treasurer Report

Mr. Jones again took the lead of the discussion of the Balance Sheet and the actual vs. budget report after 11 months of the current fiscal year. He reported:

- Cash position is becoming strong especially compared to 10 years ago, five years ago and even two years ago with total cash of \$481K including \$104K of WIFA required reserves and a \$57K accounts receivable due from WIFA for funds expended on current capital projects for new customer meters and pump station improvements. He noted that we have, already in the month of June, received those WIFA funds and that we have been granted 85% forgiveness on the 100K Loan to where we only need to repay \$15K over 15 years at 1.74% interest. Mr. Jones indicated the rest of the \$100K loan will be drawn down over the next few weeks, closing out the loan in the early part of next fiscal year.
- The year-to-date revenues through 11 months of the current year are \$32K over budgeted revenues, mainly resulting from higher than expected impact fees from new homes.

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- Admin expenses are \$4K over budget mainly due to excess hours by the manager due to numerous unexpected projects and costs incurred in putting together the WIFA loan, prior to its approval. Mr. Jones reported \$7.7K of his project management expenses during the construction period are fundable by the WIFA loan, but not the \$5K incurred to obtain the loan prior to its approval.
- Board of Director expenses are under budget by over \$2K.
- Wastewater operating expenses are under Budget through 11 months by \$5K.
- Water system expenses of \$123K are over budget mainly due to several unexpected repairs of water lines, analysis of issues with the pump station, replacement of a flow meter on the shallow well and labor and testing costs incurred with the re-test of a lead and copper test sample in our lab building wash basin at the WWTP.
- Overall, YTD, we are \$63K better than budget. Mr. McClung commented a major portion of that amount came from the forgiveness of debt on the first draw of the WIFA funds (\$48K).
Mr. Jones concluded the Treasurer's report by stating the District is in a strong financial position.

b. DISTRICT MANAGER'S REPORT

8bi-ii. Mr. Jones reported the depth to water in the wells, the efficiency of the wells as to gallons per minute and the usage for the month all looked normal.

8biii. The number of new hookups with fees paid is progressing on schedule with no more new homes in the Elk Rim area, with about nine more new homes expected to connect inside the gate in the next year or so based on applications for architectural review by the HOA.

8iv. There is no activity at the well by the emergency gate other than the owner of the well wanting the gate code so they can use water for dust control on a couple foundations for new homes they are going to construct on their 50+ acres

8v. There has been no direct approach to the District for water sales to PSWID, although the Manager had a written request yesterday from a land owner to sell water to PSWID so it could be wheeled through the PSWID mains to a 40 acre parcel that is caught in the "no new water meter" restrictions imposed by the PSWID board. Since it was not on the agenda for this meeting, Mr. Jones did not seek discussion and indicated he would tell the requestor group of 12 people, "no interest, and go to PSWID" for a resolution to their problem.

8vi. Mr. Jones indicated they are done with meter replacement installations except for a couple missing backordered parts needed on our end where we cannot shut off our curb stop valves on the district's side of the meter. He indicated the pump station work is progressing and should be done in 3-4 weeks. He indicated he thought the total project cost is likely to be \$107K-\$110K using the \$100K of WIFA funds and the rest being the District's contribution to the project where we agreed up front to a possible \$12K contingency/district participation in the project.

9. DISCUSS AND TAKE POSSIBLE ACTION RELATED to Chase Credit Line.

Mr. Jones indicated the credit line approval by Chase Bank happens automatically for any Gila County District that provides financial statements and that the District no longer needs to provide Board approvals to the bank so that a credit line secured by the District' assessed taxes is available, and that we do not intend to need to use the line.

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- 10. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO CONTINUED ENGAGEMENT OF**
Heinfeld Meech, CPA to perform the June 30, 2022 Annual Financial Review.
Mr. McClune made the motion to continue the engagement of Heinfeld Meech, CPA to perform the June 20, 2022 Annual Review. Mr. Karr seconded. All say Aye. None say Nay. The motion passed.
- 11. CALL TO THE PUBLIC FOR ANY NON-AGENDA ITEMS RELATED TO DISTRICT AFFAIRS**
There was none.
- 12. CONFIRM ESTABLISHED DATE OF THE NEXT REGULAR BOARD OF DIRECTORS MEETING TO BE HELD:**
September 17, 2022 at 9:00 AM
Mr. Kelly made the motion to accept this above date for the next regular Board Meeting. Mr. Karr seconded. All say Aye. None say Nay. The motion passed
- 13. MOTION TO ADJOURN**
The meeting was adjourned at 10:33 AM. Mr. Kelly made the motion to adjourn the meeting and Mr. Karr seconded. All say Aye. None say Nay. The motion passed.

Submitted By: _____ *Posted as of* _____ M