

MEETING MINUTES
Pine Creek Canyon Domestic Water Improvement District
P.O. Box 945, Pine AZ 85544

Budget/Study Workshop and Special Meeting

Date and Time:

Saturday, April 17, 2021

Telephone Meeting

Due to Social Distancing Requirements

Time: 9:00 AM

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Until approved at a following meeting

The Pine Creek Canyon Domestic Water Improvement District (PCCDWID) met in special session. The meeting was held telephonically. The Board may vote to go into Executive Session on any agenda item, pursuant to A.R.S. § 38-431.03(A)(3) for legal advice with the District's attorney on matters as set forth in the agenda item.

1. **CALL TO ORDER For Budget Workshop/Study Session**
The meeting was called to order at 9:05 AM by Mr. McClung.
Present: Mr. Kelly, Mr. McClung, Mr. Crews and Mr. Karr. Also present, Mr. Jones, District Manager, Pat Watson Admin. Asst., and Tom Jones, Resident.
2. **ROLL CALL OF BOARD MEMBERS/DECLARATION OF QUORUM**
Mr. Kelly, Mr. McClung, Mr. Karr and Mr. Crews were all present and a quorum was declared.
- 3.. **DISCUSS AND EVALUATE District needs for the 2021-2022 budget, rates, and fees for the following four years budgets in terms of revenue, expenses, capital projects and financial reserves.**
Members of the Board reviewed and discussed the following aspects of the pre-budget prepared by and Mr. Jones, Mr. Crews and Mr. McClung.

Mr. Crews confirmed the expected beginning cash position at 7/1/21 would be about \$450K. Mr. Jones indicated that the operating cash requirements were approximately \$100K, leaving about \$350K in available reserves. Mr. Jones indicated that includes three more \$8.5K impact fees that should occur between today and 6/30/21, with two of those already moving forward with will-serve letters issued yesterday.

Mr. Crews gave a fairly detailed explanation of the line items on the 2021-2022 pre-budget as sent to all Board members for their review, noting that those numbers were mainly results of conversations or emails between Mr. McClung, Mr. Crews, and Mr. Jones.

Mr. Crews noted that the property taxes were up \$5,000 per year, but that individual homeowner's tax bill go down somewhat because of having more assessed value on the tax rolls due to new homes being built within the District and because of normal inflation related to the prior built homes. He noted that additional monthly service fees (approximately \$10K/year each for wastewater and water) were also expected because of the new customers now on the system. He noted the plan calls for impact fees for water and wastewater included three more new homes coming on line during the 21-22 fiscal year.

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Mr. Crews noted Administration expenses have been updated including the 2021-2022 amounts agreed to at the March meeting for Mr. Jones services. He indicated the accounting expense was normal and legal expense of \$5K was regularly budgeted, even though not used for many years. In terms of Wastewater and Water expenses, nothing was abnormal, and electricity and chemicals were up more than other line items due to more water being produced.

Mr. Crews noted that after all operating expenses, interest income, and interest expenses on WIFA loans, net operational income and expense was planned to be -\$6K. However, when the \$89K of depreciation was taken into consideration, cash flow was \$83K. He noted the pre-budget numbers included no capital expenses, principle reduction of loans was planned to be \$42K, and additions to WIFA required capital reserves was \$11K, leaving about a \$30K positive cash flow. After requesting input from others, it was generally noted that the plan was about right, but we should add three more account establishment fees to increase the number of establishment fees from six to nine for the following year (total increase in revenue \$900 for the 2021-2022 year).

Mr. Crews asked if others were supportive of maintaining the rate and fee schedule at the levels of the last several years. Some discussion occurred about possibly raising the account establishment fees, but it was the general feeling that the rate and fee schedule would be fine for the coming year. However, it was noted that we should take a close look at rates and fees during the next year's budget workshop when we will have more information related to new home construction, the effect of increases in the assessed values coming on the tax rolls, and the demand for water possibly changing because of remote work and safety concerns related to COVID 19.

Mr. Crews and Mr. McClung then moved the discussion to how to evaluate any next year planned capital expenses, particularly ones related to acquisition of additional possible water resources that may become available and possible need to add a second fire pump to our pump station at the well site. Because of the many unknowable variables related to these two topics, Mr. Crews suggested we might consider an unspecified overall capital budget of \$30K-\$50K for the following year. With \$50K budgeted, we would then up the negative cash flow about \$20\$K.

Discussion about the added fire pump was not advanced, but recognized as an alternative; however, the acquisition of added water resources was discussed and it was determine Mr. Jones should continue his discussion with the possible land owner who might be willing to move forward if we can assist his situation (limited other water resources being adequately available for his use) including selling excess water from the District for that party's use at other locations.

The Board suggested that Mr. Jones should consult with the District's attorney, along with one or two Board members, if they get near an agreement to acquire additional water resources on associated land.

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4. DISCUSS AND EVALUATE THE TIMING OF THE next regular meeting for the Board of Directors on June 19, 2021. The time will be 9:00 AM and the location will be decided at a later date. It was suggested that Mr. Jones schedule a meeting to discuss the revised pre-budget within the next couple of weeks. All agreed.

Approved

5. MOTION TO ADJOURN.

Mr. McClung moved to adjourn the meeting and Mr. Kelly seconded. All say Aye and the meeting adjourned at 10:00 AM.

CALL TO THE PUBLIC: Those wishing to address the District during the meeting need not request permission in advance, but they should indicate their desire to address the District on the sign-in guest register provided. The PCCDWID Board is not permitted to discuss, or take action on any item raised in the call to the public; however, individual Board members may be permitted to respond to criticism directed to them. Otherwise, the Board may direct that staff review the matter or that the matter be placed on a future agenda. The PCCDWID Board cannot discuss or take legal action on any non-agenda issues raised during the Call to the Public due to restrictions of the Open Meeting Law. The Chairman of the meeting may limit the number and length of public comments in order to maintain a reasonable meeting schedule.

PERSONS WITH DISABILITIES: If any disabled person needs any type of accommodation, please notify the PCCDWID prior to the schedule meeting time. 928-476-2260.

EXECUTIVE SESSIONS: After voting to do so, the Board may go into executive session at any time during this scheduled meeting for consideration of items included on the above agenda if the topics to be discussed meet the requirements of ARS 38.431.02 (a), (1), (3) and/or (5). Additionally, the Board may, during this meeting call for an executive session to be held at a future time after this meeting. Per ARS 38.431.03, executive sessions are closed to the public and only the following seven category topics are permitted to be discussed: 1) Personnel Matters; 2) Discussion of Confidential Records; 3) Legal Advice from attorney; 4) Litigation, Contract Negotiations, and Settlement Discussions with attorney; 5) Discussions with designated Representatives Regarding Salary Negotiations; 6) International, Interstate and Tribal Negotiations; and 7) Purchase, Sale or Lease of Real Property.

By: _____

Posted as of: _____ __ __M.