

Rim Trail Domestic Water Improvement Special District Board Meeting Minutes

June 22, 2023, Held via zoom.

RTDWID Approved Meeting Minutes.

1. The meeting was called to order at 6:07 PM by Vice Chairman Will Regg

2. Roll was called – Chairman Will Regg (WR), Treasurer Ray Tanner (RT), Secretary John Tanner (JT), Parliamentarian Jeff Manley (JM), JT Driscoll (JTD) Vice Chairman, and a quorum was established.

District Manager: Dan Utz (DU)

Public: Harry Jones (HJ) joined later.

3. Approval of Minutes of Prior Meeting on 3/23/23: JM motioned to accept minutes and JTD 2nd motion – motion passed unanimous.

4-1 Treasurer Report: RT gave a brief rundown but is reporting without May numbers because of an error and Dan is working on correcting that so the most recent reporting is from April. Income is \$3,600 under budget on account of refunds previously discussed in the last meeting. Administration expenses \$1,800 under budget, Total Operation Expenses \$2,100 over budget and that comes from mainly the additional repairs we had completed on the 32 Rd. and the difference we had budgeted and what we wound up approving for the District Manager expenses. Overall, we come out with a \$10,000 negative income for the first ten months of the year, and we had budgeted a -\$6,200 negative for the most part that is in depreciation. RT has an issue on depreciation, there is some kind of error on what we are taking or what we are budgeting. He will go more into that when we get into financial reporting. WR asked about more detail on the \$1,800 under budget on ADMIN, RT indicated \$262 on miscellaneous, over \$440 on District Manager (DM), under \$437 on DM professional fund, under \$145 on subscriptions, \$150 under on insurance, \$500 on professional fees, \$61 on miscellaneous, \$321 on public education and communication. The Cash position as of end of April we had \$82,091, that is \$740 less than we had a year ago. Accounts Receivable, we show \$6,200 less than what we showed a year ago. RT also reported that QuickBooks wants \$540/yr. online version, and it shuts off if you are not current on payments. This is something we need to discuss for next year's budget. WR brought up the expense question on accounting and billing, it is not on agenda, but the item can be brought up on coming years budget. RT verified the current expense allotted \$350 for billing, accounting on QuickBooks and other administrative duties. This number was established with Don Ascoli several years ago. WR stated that it needs to be adjusted and RT pointed out when we increase expenses, we have to ask what is going to be the corresponding increase in income or corresponding decrease in expenses. Currently Creative Technology (CT) is asking for the total amount what we have budgeted for billing and accounting and CT is only taking care of billing with their monthly charge of \$363.75. RT clarified that DU needs to propose his allocations to the budget to account for any changes and it can be taken up on budget review.

4-2 District Manager Report: DU on District activity: DU reporting: 1. There were 3 leaks reported in May, two were fixed by homeowners and the 3rd leak at 426 Belluzzi on the District side of meter was repaired by Carl Hardin. Two of the leaks were more than 10,000 gallons each. Main reservoirs are at 74% capacity, WTK reservoir is full. Water use has been high. 2. The hard drive on the district computer was recently replaced and sending water bills was delayed because of issues syncing the El Dorado billing software with Microsoft after the hard drive cloning. DU interviewed Karen Hill to take care of accounting. She uses QuickBooks Pro and is well qualified. DU discussed the needs of the district, and she estimated the cost at approximately \$250/month (2.5 hrs./month at \$100/hr.) but could be less. On Well levels: Well #2 was unchanged at 22', Well #3 was at 46', down from 44'-8", and Well #4 was at 73' which is down from 68'-1" last March. Because of the leaks and dry weather there has been a lot of demand on the wells. RT asked DU to be sure and graph the depth of wells and get those reports to the Board. Projects for District: The WEFA tank replacement; Engineering drawings have been received. Paul Wirth of Primary reviewed drawings and provided an updated quote for installation and we have discussed installation plans. DU recommends that risers be installed for meters 3 or more boxes deep to facilitate easy reading and repair or replacement.

5a. Project Update, Meter replacement: With the recent quote from Aquaflo for (\$55,373), it includes BLMJ Master meter, 3G Mobile Laptop reading systems and hard-shell case, Harmony Software system Training, Harmony mobile annual hosting/support. It is still a question on installer, Primary is very busy now and Tim Wainscot has not returned recent calls. DU would like to get someone local, and Wrangler Plumbing showed interest but had not submitted a bid. RT asked DU to verify where we stand on the total cost for meters and install and that we are still under the WIFA loan amount. It was noted on the Master meters that it is best to use plastic lids for meter readers and we should have plan to get as many of those changed except for ones in driveway. Questions for DU to clarify with Aquaflo, number of services, copy of contract that we can see to verify services that they are providing, clarity on the two-day system training onsite, what the annual charge includes, compatibility with Creative Technologies. There is an additional question on battery change out and if that is included in the warranty and clarification on what is needed to replace the battery, (just the battery or whole meter). DU

to get the answers to these questions, get the answers back to the Board, then arrange an Executive committee meeting with a zoom call to Mike Ellis of Aquaflo.

5b. Project Update, WTK tank: Engineering has been obtained, Primary provided revised quote, all the installation plans have been reviewed, Mark Pond has agreed to allow temporary storage for the heavy equipment, temporary water set up is planned, and Paul is putting it on his schedule. WR reviewed Primary quote and assumptions/exclusions and included is that Primary will pick up tanks at RT ranch. JT made motion to approve the Primary quote to install the WTK tanks per the quote dated 6/2/23, JTC 2nd the motion, motion passed unanimously. DU will get date from Primary and confirm timing with Board, WR will sign quote and send copy to RT and DU.

5c. ADEQ water quality reporting requirements: WR received notification that we had missed date, DU was asked why we missed it. Notification said no further action is required, DU's conversation with Vivian Kib, the compliance officer with Gila County last month. DU thought he had concluded that because we were not operating the treatment plant, we did not need to send in reports, but the computer didn't agree with that and sent the report out. DU will get them in on time in the future.

5d. ADEQ CCR (Consumer Confidence Report) due 7/1/23: DU has done the report but needs to do some formatting before he sends it in within next week.

5e. Solar power report for well #4: RT provided an extensive report on a solar option for well #4. RT pointed out the cost more than doubled from original quote, current quote is \$63,775. This unit is 7400 KW plus 2,400 kw battery storage. If you include the tax credit effective 1/1/23 for 30% credit, you get a direct payment back from the government. The IRS is going to explain how to apply for credit during the 3rd quarter of this year. So, we don't know what's going to be required to file for this credit until then, WIFA has given a verbal approval that they would approve it and they are going to forgive 79% of the loan. Which means we are on the hook for 21%, but we have an off-setting credit of 30% coming from the federal government depending on how the regulations go. So potentially we could end up with this solar system free of charge or possibly a little bit of cash left over. RT contacted WIFA on how they would treat this and they have no issues with that possibility. This could be a no brainer and with no prepayment requirements with WIFA, it would be nice to pay off the 21% to WIFA with the Tax credit. It's possible that we could generate enough power to sell back to APS and may even consider adding extra panels and the energy we gain from that could help offset the power used at the other wells. For now, we need to wait and see how the IRS will handle the regulations and find out if indeed it will work. RT would check into the warranty of the system. RT indicated the solar company thinks they have enough room in fenced area to include the panel space. However, to know that – there is a drawing and engineering fee that we would have to pay (\$3,500) to find out if it can be done. RT - this is not something we need to approve today; however, RT suggest that we consider adding this into the budget and ask JM to look over the Solar contract to see if there is anything that we need to be concerned about. In the meantime, RT can monitor how the IRS is going to handle this and we can make decisions from there.

5f. Request from the Board and the public for potential changes to be included in the coming year's budget. DU needs any suggestions from the Board for needs going forward. Budget rate hearing is set for 7/27/23 at 6:00 PM. RT pointed out that we need to post at least the abbreviated budget and budget rate notice at least twice, 10 days before the hearing. Budget proposal would be showing the comparison of this year in one column and proposed budget in another column. RT to send a copy of last year's budget rate hearing notice to JM and DU. Items that should be included in the budget: DU suggested adding funds for auto shut-off for wells when reservoirs are full. DU to get that number that can be added to budget proposal. We need to include QuickBooks (QB) options, bookkeeping and billing increases, and additional funds for a more extensive review of the accounting books. DU indicated Karen Hill has the same desktop version (2018) of QB that we have and for the time being we can continue using that one. If there are any other recommendations to add to the budget, please send them to the Board and they can be added to the Budget Rate hearing.

5g. RT- Financial audit update: RT reporting that we have it in writing now that WIFA (per Lindsey Mills communication) does not require an audit and for a small system they will accept internal accounting records and relax the audit requirement, however they (WIFA) reserve the right to inspect supporting documentation if needed. So WIFA does not require the audit, the only place we have a requirement is within our by-laws. A review statement can be done for the same cost as last time according to Sara Coffee. RT suggested it is time to do more than just a review and get additional input on the way we handle the depreciation schedule and get clarity on the El Dorado program on sales vs the way we handle it in Accounts Receivable after we input all the meter reads. RT is not concerned that there is any money missing but would like to spend a little extra money to make sure we are handling the books are good and clean and correct at this time. RT to interview Karen Hill who DU has talked to and see if she could do this more extensive review (Audit) of financials and DU could get a quote from her. We would use this fiscal year ending June 30th. It would be good to verify we are handling depreciation and account receivables correctly. DU added he would like to transfer the billing to Creative

Technologies as soon as possible. RT reminded us that before we add expenses, we have to ask two things: 1. how much additional income is it going to generate, 2. And or what is it going to replace it in terms of existing expenses. This will absolutely have to be in consideration on the budget numbers.

5h. PR discussion, PR relations bulletin of accomplishments we could have accompany water bill: RT provide a pretty extensive list of bullet points and because we are running short of time please send any additional comments to WR.

5i. JM to report on required contact information for Board members on website: WR indicated this stems from a spam issue that occurred and he had our contact information deleted from website and we needed to verify what information is required to be posted. JM reported that the Board is required to establish and make known an office and billing address for the clerk and the superintendent of the water improvement district. DU being our District Manager would fit that need. So we satisfy the statute with the following posted on the Website: 240 E. Box Elder Lane Payson, AZ 85541, (928) 472-7585. No requirement for our contact information to be posted, based on JM findings, WR considered this as compliance met.

6. Call to the public: None from HJ.

7. Call to Staff and Board for non-agenda items, updates, and recommendations for future meetings:

JM brought up the insurance and verified that there is nothing in the statutes that impose our limits on insurance, but our by-laws to provide that the district shall maintain a reasonable level of property and casualty to protect owned assets and protect the district against general liability claims. The district will also maintain a minimum of one million dollars per incident for the officer and director liability policy which we have now. JM just wants to make sure we have all the correct items added in the inventory and accounted for. JM will confirm renewal timing.

Regarding the issue on the minutes: an option to posting in 3 business days is to post a recording of the meeting minutes for a limit of ten days before the written minutes is required to be posted. JT pointed out the question to answer was in Statute 38-431-01 questioning the requirement based on a town of 2,500 persons, we are not a town of that size but if we were, it would be required to post minutes within 3 business days. JM to circle back and answer that question.

- a. Next meeting set for 7/27th at 6:00 PM zoom meeting, which will include the budget rate hearing.
- b. Board to follow up on interview with Aquaflow, answer to Board questions and DU follow up with Board.
- c. DU to confirm WTK tank installation date he obtains from Primary and confirm timing with Board.

8. Possible Executive Session: None

9. Schedule for next Board Meeting: WR to send notice of next meeting for 7/27.

10. Adjournment: Meeting motion to adjourn by JM and JTD 2nd motion. The meeting adjourned at 8:22 PM.

Respectfully Submitted

John Tanner

Secretary