

# **MARANA DOMESTIC WATER IMPROVEMENT DISTRICT**

Official Board of Directors Meeting Minutes

**June 9, 2014**

The Board of Directors of the Marana Domestic Water Improvement District met in session at the Marana Domestic Water Improvement District Office 16560 West El Tiro Road Marana, Arizona **at 4:00 P.M. on Monday, June 9, 2014**

## **1. Call to order and Pledge of Allegiance**

Chairman Mr. Sostarich called the meeting to order at 4:07 P.M.

Mr. Sostarich ask Mr. Young to lead the Pledge of Allegiance.

## **2. Roll Call**

Upon roll call, those present were as follows:

Board Members Present were;

Anthony Sostarich, Chairman  
Don Peetoom, Vice-Chairman  
Michael Young  
Teresa Ball-Cummings (absent at roll call, arrived 4:15)  
Michael Sniffen

Staff Members present were;

System Manager, Sig Danielson  
Clerk, L. Katy Walker

No members of Public present

## **3. Consent items**

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A. Approval of meeting minutes from the May 12, 2014 meeting

Mr. Sostarich: Anybody have anything, notices, discrepancies? I read through it, I didn't notice anything.

Mr. Peetoom: I read through it, I didn't see anything.

Mr. Sniffen: I didn't see anything.

Mr. Young: Close enough.

It was moved by Mr. Sniffen, seconded by Mr. Peetoom, and carried that; **the minutes of the May 12, 2014 meeting of the Marana Domestic Water Improvement District shall be approved as presented/amended.**

**4 Ayes**

**0 Opposed**

**1 Absent**

#### **4. System Manager's Report**

1. We have not had any problem with the system since the last BOD meeting.
2. We have repaired nine (9) service line leaks and have another four minor leaks to repair. We also have a very minor main line leak on Single Six that I think may be an old repair that was performed about 13 years ago. If this proves to be the case, and we are able to stop the leak by tightening the original repair clamp, we may wait until cooler weather for a permanent repair. Otherwise we got to do it right now.
3. I was advised by WIFA that after they had completed their review of our Audited Financial statement that we are in violation of our loan agreement with regard to revenue. I informed them that we had raised rates in January, and that should increase revenue. They said that they will write a letter so that we can respond. I got the letter this morning.
4. May billing included 154 late notices, which is slightly higher than normal.

5. We did no shutoff in May for nonpayment.

Accounts Payable		\$ 44,803.84
Capital Expenditures	\$	0.00
Accounts Receivable	\$	42,674.23
Balance	-\$	2,129.61

MDWID Balances Brought Forward:

MDWID Balance at Pima County	\$ 62,409.62
N B of AZ Checking	\$ 10,000.00
WIFA Reserve Account	\$ 79,942.50
RD General Account	\$ 184.19
RD Reserve Account	\$ 14,703.75
RD O&M Account	\$ 9,479.24
RD Replacement Account	\$ 7,997.02
RD Bond Account	\$ 21,323.93
Bills Pending Balance	\$ 1,867.81

To comment on the negative \$2,129.61 balance. We did purchase three (3) new computers and have those set up last month.

Mr. Danielson: That completes the Manager's Report.

Mr. Sniffen: The WIFA account that they said that we're in arrears on, or behind on, which one of these accounts is that one?

Mr. Danielson: It is our WIFA loan, which WIFA Reserve Account is part of the loan agreement.

Mr. Sniffen: How far down are we in bringing it back to what they want it?

Mr. Danielson: What they do is they take, I don't have a, they take the amount of money that we've spent, less depreciation, and compare it to the amount of money we received less operating salaries, something like that. Then they compare the two numbers and they want a ratio, that our, that the comparison of those two numbers, that our revenue is 20% higher than the expenses are.

Mr. Sniffen: So do you foresee that being balanced by next Board Meeting?

Mr. Danielson: Well it's based on the annual audit where all the depreciation and everything else comes in to effect. Hopefully we should have it balanced by a year from now when Wes

gives the Audited Financial Statement that will be completed for the fiscal year that ends this month.

Mr. Sniffen: But that won't be a problem with them?

Mr. Danielson: It should not be a problem with them as long as we write them a letter and say, hey we raised rates and I also told them that we're looking at raising Property Tax. They says that's fine, put that in a letter, send it to us and we'll close it out.

Mr. Sostarich: So it's just a bureaucratic snafu then?

Mr. Danielson: More or less, yes.

Mr. Sniffen: That's all I have.

Mr. Sostarich: Any other questions for Sig on item number 4?

## **5. Discussion and Possible Action Concerning Financial Sub-Committee**

Mr. Danielson: Okay I've got a couple of things to go through on the Financial Sub-Committee. The staff and the Financial Sub-Committee have developed a three year plan for replacements and capital upgrades. Like to just run through the plan with everybody basically what we're planning on doing and I really want to thank Mr. Young who spent some extra hours over here looking at this and being my sounding board. For year one (1), on valve replacements, we're looking at replacing valves here, here, here and here.

Mr. Sostarich: That's El Tiro Road?

Mr. Danielson: That is El Tiro Road running across here. So this is the area Don lives in, fact is, Don lives in this house right here. That then, for instance if we have a line break in this area, say behind Don's house, then okay Don's area would be out of water but North of El Tiro would have water. If we have a line break North of El Tiro then nothing North of El Tiro would have water but Don's area would have water and this is 124 homes, I think I counted up here because of some additional homes in here that are serviced.

Mr. Sostarich: We're still recording, the power just went off at 4:15 and Teresa just showed up and the recording is still running so if you can continue if you want Sig.

Ms. Ball-Cummings: Yes, bravo.

Mr. Danielson: Okay anyway, that's what we're looking at for the first year and it doesn't do any good to piecemeal it, you need to do all four locations going across. We're estimating that

out at \$30,000. This is based on the work we did 14 months ago. The current prices on parts, and we've made an allowance for road cuts here and here based on what it's cost us in the past to repair roads and also, I don't care if this says 6-inch PVC pipe, it's 4-inch AC we don't know where it is or how much we're dealing with so there's some special couplings involved that are figured in to the parts cost and there's an extra 30% added to labor cost because of the safety measures that these guys will have to go through because they're working with asbestos cement pipe, so. That's the valve replacement on year 1. The second replacement item for year 1 is our handheld, Sensus handheld meter reading device. We need to replace that, what's happened is the technology has, this device is ten years old, the technology has gone beyond. We're having a lot of trouble with the newer meters and we're having a lot of trouble with the Windows 8 operating system. So that's \$8000. We're looking at the possible project, of possible Property Tax assessment amounting to about \$38,000 for FY 2014-2015. Okay for 2015-16 what we want to do is replace the valves here at Elise and Sandy and Marion and Sandy. That will give us the ability to feed water in this area and possibly feed water in to this area if any problems in here. The goal behind this is do what we've done in the South End over the last 3 or 4 years which is the worst one, is about 30 homes being shut off and that's everything South of Rebecca Schrank's on Feldman. Since you live right there you know where Rebecca is. Everything South of her would be off. That's the worst area there but we'll address that within the long term planning.

The other thing we want, have planned for the Fiscal Year 2015-16 is we are due to clean our water tanks. We might as well get in there and clean the water tanks, do whatever paint repair we need to do on the inside. They were pretty good the last time we cleaned them, 2 years ago but it was getting thin in spots. So we'll do that paint repair and then we'll also look at cathode protection and that's for Fiscal Year 2015-16. 16-17, want to replace both the valves here at the Derringer Well Site. That would allow this area West of Derringer to run on Derringer or if there was a major problem in here we would only shut off everything West of Derringer. The second location is change the single 4-inch valve off that's right here in the easement by the VFW and then change the 6-inch valve that's right here at the easement on Springfield and if you took Sandy Street, it's an easement from here to here, then it becomes a street again but at that easement, that then allows us to run this part, allows us to run this part, if it's in here, if it's in here, we can run this part and here you know the goal is to lessen the impact on each customer. Then we're looking at replacing the current SCADA System and I made a guess at 18,000 and we're not having any trouble, we're having some minor problems with the system right now but it appears that those minor problems with the SCADA System are strictly program related and there may be a quick fix to it and I'm just sitting here thinking that the water's out. I got generator, pumps some water, guys, excuse me.

Ms. Ball-Cummings: Excuse me. Yeah, defiantly.

Mr. Sostarich: Let's take a break. I'm gonna shut down now, it's 4:20 and we'll get back as soon as Sig gets back.

Mr. Sostarich: Okay it's 4:29 and we're resuming the meeting. The power is back on. Let's see, I believe you were talking about valves on, just finishing up on

Mr. Danielson: 2015-16, it was a valve replacement and item 2 was the SCADA System and then replace or upgrade the SCADA System. This has been told me by our techie, he says we should redo that system. It will be, it is 10 years old right now so, you know in a couple of years it's gonna be 12 years old and we may want to look at doing something like doing, him to come out here. There's a programming glitch in the thing that we live with. It really doesn't matter that much in the wintertime but in the summertime it causes problems about once or twice a summer so I want to spend the money and see if I can get him out here and take care of that programming glitch.

I've got a call in for him but he's been working down somewhere in the Southeastern part of the state and has not been in the office very much. Okay then in all cases in all years, any excess funds that we generate will be spent on, if we have some Property Taxes and we don't spend it on the projects I have identified, we'll spend on new meters. We've still got probably

Mr. Peetoom: 210.

Mr. Danielson: 210, yeah maybe a few more than that, somewhere around there to replace. I'm guessing about 150 bucks a meter, 150, 160. The touch reads cost us right now 115 and when we originally went in to the touch read system, the difference between the touch read and the radio read was about \$35 to \$40 so and we can adapt them to what we've got in the ground, the radio read so. That would be more a long term type deal. Considerations for a 5 year plus plan are three way valve replacement at Sandy and Antelope, currently Lumpson LEA has a valve going North only. That feeds about 15 houses back there, North of Sandy Street. Probably about 18 houses, we need to do a valve somewhere in there on that stretch of Sandy Street between Marion here and here. This valve we replaced 15 months ago so we do need to have a valve somewhere in there so right in here for the line extension would probably be a reasonable place to put it. That line extension goes here, comes across here, comes back here. There's 5 house here, there's 8 right here, there's 9,10,11,12,13,14,15,16,17 homes back there.

Ms. Ball-Cummings: Can I ask a question, Mr. Chairman?

Mr. Sostarich: You may.

Ms. Ball-Cummings: For Sig and this is kind of more or less pertaining to homes. What's our count now as far as in the District?

Mr. Danielson: Last month we were up to 820 accounts billed from a low of about 806.

Ms. Ball-Cummings: Oh so we've gained a few, good, good, that's good to hear.

Mr. Danielson: So we've gained a few, however we were at about 840 so we're still 20 short.

Ms. Ball-Cummings: I know we were at 7 something a while back, was we not, something in that category? I thought we were at 7, at least under 8.

Mr. Danielson: Yeah we were 780 or something like that when you first took over as Chair and there has been some infill that brought it up.

Ms. Ball-Cummings: Yeah some people, yeah that's good. Okay that's what I thought cause I knew we were low there for a while. Thank you.

Mr. Danielson: Okay the other 5 year plus plans are is the loops North and South of the Sandy Street, Street and easement, replace some valves there just in order to you know to minimize take that 25 to 30 houses down to 15, see if we can do that. Look at Feldman and Culver, do a three-way valve there, lessen the impact. Like I say, right now everything South of Rebecca is a shut off if we have a problem. This will allow us to go one way or the other, depending where the problem was and less than that. North end of the Volk loop and tie in the dead lines North of the loop. The line goes up on the East side of Volk Avenue, it's on the street, it goes up, comes around, crosses Volk where Volk turns and goes West, comes across right there, runs on the South side of Volk and then runs back down the easement. That's a dedicated loop all by itself. All the prints show that it's tied in to Lambert, huh-uh, it isn't, not unless it's more than 12 feet deep and 20 feet on either side of where the pipeline should be because we dug that out big time, about 4 years ago. If that however, that may get, tying in that loop, may get done with, if Cottonwood Ranch Estates ever gets going and all though the well for Cottonwood Ranch has been drilled, nothing else has been done, but the idea behind it is to run a 6-inch line from Cottonwood Ranch to the Toma Well site because a 6-inch pipe line will take both wells, has the capacity for both wells and if Cottonwood Ranch ever gets going, we'll be trenching right along aside it, we might as well buy the pipe and extend it and tie it in you know. Let the contractor do the digging and we'll do the tie-in. In Saddleclub, 2 3-way valves, when we had to dig in for Saddleclub, we found this valve here and replaced it but right now we have 2 valves here and 2 valves here and if we shut off all 4 of them we dry up everything South. The guess is that, it is that one works and that one, that works but the idea is replace here and here then if you got a problem here, you can still feed that way, you got a problem here, you still feed that way, you got a problem down in here you can at least feed all of Saddleclub and just have a few houses out. Along Tres Arroyos there's 3 4-inch valves along there, 1, 2, 3 that way would then lessen the impact of a dig anywhere along here, mainline problem anywhere along there. And lastly, would be, well next to the last would be the old IM system that is everything North of Moore Road, everything is in the street, everything's a road cut and it's laid out well but there's a lot of valves to be changed in order to do a lot of good up there.

There's 90 customers and we're gonna be changing out what, 3,6,9,15,18,21,24, roughly about 30 valves, 35 valves in order to give flexibility there, it's just the way the thing is laid out. Then finally we could look at intermediate valves at midpoints at various loops to even lessen the amount of disruption. Anyway that's what we came up with for a 3 year plan.

Ms. Ball-Cummings: Oh man. Excellent.

Mr. Danielson: One of the things I had here and it's on the bottom of the front page is funding for these projects is based on collection of property tax. The Board of Directors need to decide if the tax will be a fixed dollar amount or assessment based on property values and needs to be discussed at today's meeting. I spent quite a bit of the afternoon on the phone Friday afternoon with Craig Horn with Pima County Finance Office. Our current January valuation for the District is \$6,652,554. That works up to a assessment rate of .05712. Based on the average property value within the District of \$59,740, that would result in a property tax to each property owner of \$34.12. Now we have got the

Mr. Sostarich: Excuse me, it's only gonna cost each property owner only \$34.12 to do all these things?

Mr. Danielson: Yeah, we're looking at raising \$38,000 per year over the next few years.

Mr. Sostarich: We're talking about the tax assessment?

Mr. Danielson: Correct, this would show up as a secondary tax, Advalorem tax, being based on property value.

Mr. Sostarich: So okay yeah.

Ms. Ball-Cummings: Excuse me.

Mr. Danielson: Okay what needs to be decided is, the Board of Supervisors at their August meeting will adopt the secondary tax rates. The Board of Supervisors will have the finance department come up with a new valuation for the District for the month of July, after we've adopted our budget. Now if we stay with this .05712 for the tax rate, if the valuation goes up we're realizing more than 38,000.

If the valuation goes down we're realizing less than 38,000. So the question to the Board is, do we want to adopt the 105712 for 1000 or 57.12 cents per 100 or do we want to go with the straight 38,000 and let that .05712 vary based on the property values?

Mr. Sostarich: You're asking us to consider this at this very moment?

Mr. Danielson: I'm asking you that this needs to be considered.

Mr. Sniffen: If you do it by per property appraisal value, then some of the properties are appraised a whole less than some of the others.

Mr. Danielson: Correct.

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Mr. Sniffen: Is that gonna balance it out enough.

Ms. Ball-Cummings: Depends.

Mr. Danielson: Well advalorem is based on the value of the property so if somebody's got a place that's worth half a million dollars they're gonna be paying for what a half a million dollars valuation is. You got a raw piece of land sitting out there.

Mr. Sniffen: I understand that, that's what you were counting the other day, is we have a lot of raw pieces of land sitting out there.

Mr. Danielson: We have a lot of raw pieces of land that aren't supporting this District at all right now, so that way is to get that raw land in. There's 384 home sites at Cottonwood Ranch and there is not a single house, the only improvement that was done was the drainage improvements were done to Cottonwood Ranch in conjunction with building Avra Vista. When that's built out, there's 384 homes there. There's a 25 acre parcel up on the North East corner of Section 10 which is called Courtyard/Olem property, that 25 parcel property has been annexed in to the District. There are potentially, fully built out, Wren's Creek, would be 107 homes. Right now there are 5 in there. Infrastructure is in for about 85, 87 somewhere around in there, homes over there.

We're probably looking at District wide, somewhere around 7% vacant property within the developed areas of the District so there's a lot of property out there that's sitting there, has water service either to it or we've agreed to provide water service to it that we're not realizing any revenue off of so even if the lot is valued at 20,000 bucks we're at least gonna get a few dollars off the owner to support this District.

Mr. Sostarich: Okay you said there are 3 options for us to consider. I'm trying to make it real simple, you have to give me the names.

Mr. Danielson: Two options.

Mr. Sostarich: Okay, I've boiled it down to one sentence per each and you gotta tell me what the word is. One is everybody pays an equal slice of the pie, all properties pay equal price of the pie. Option two is punish the good stewards, those who have taken care of their land. Option one would be called, what legally, is that the avail?

Mr. Danielson: Okay,

Mr. Sostarich: How do you spell that?

Mr. Danielson: A d v a l o r e m.

Mr. Sostarich: A d v a l o r e m, so under that every property whether it's developed or not, is eventually gonna be paying an equal amount?

Mr. Danielson: Correct, right now what it is, is how do we impose the tax?

Mr. Sostarich: Well the accountant, the last two visits that he came here, he was alluding to that, that everybody should, he was for option one, he was relishing that idea.

Mr. Danielson: Yes, well option one and option two both are adding property taxes, okay. Option one says we want 38,000 bucks, we don't care what the assessment ratio is. IF the value within the District has gone up over the last six months, okay the rate that each property owner pays will go down. We just want \$38,000 of income from property taxes. The other way to impose property taxes and this is still an advalorem property tax we want to impose a levy of .05712.

If the value of the District has gone from 6.6 million to 6.7 million then we would realize something in excess of the 38,000. Conversely if it's gone from 6.6 million to 6.5 million we would realize less than the 38,000 so what they're asking me to do and what I'm asking the Board to do is that which way do go, do we want just a straight 38,000 or do we take our chances that the valuation's gone up and by doing a .05712 we get a little bit more than 38,000 or we accept our knocks if it's gone down and we get a little bit less than 38,000?

Mr. Sniffen: Are any of these options just a temporary or are they gonna all gonna be a permanent tax for lifetime on that, unless you have another increase again?

Mr. Danielson: No, right, this Board would imposes advalorem property tax every year as part of the budgeting process. If we're out here 7 years and we, say 7 years from now, we've got 150 homes in Cottonwood Ranch, we've got 60 over here in Wren's Creek, we've got half of the existing District has been in filled, we're getting enough income from water sales, maybe we don't need it, so it goes away, but it's a yearly thing as part of the budget process. It isn't permanent. That's also why we don't have to go to the voters to approve the advalorem tax but it does have to be submitted to Pima County, it has to be published in the newspaper and we have to hold a public hearing on it.

Mr. Sostarich: Is that figure that you mentioned of \$38,000, is there gonna be enough cushion in there to, is that gonna be enough to do this job?

Mr. Danielson: I think I built enough cushion in to my cost estimates on the five year plan, that 38 has got it covered. Maybe I'm wrong but that's my guess and I'm going by work that was done 14 months ago.

Mr. Sostarich: I'm not questioning your judgment here or nothing. In my experience when you're doing a project, I've never done one of this magnitude before, I've always found it's better to add, to do what you think you need but add some extra.

Mr. Sniffen: He did.

(Inaudible, overlapping statements)

Mr. Danielson: I added about 10% to the parts cost and I added 30% to the labor cost so we should be okay.

Mr. Sostarich: So if we go with the 5712 everybody is still paying an equal amount, right?

Mr. Danielson: Correct.

Mr. Sostarich: So essentially with option 2 we're playing a, we're taking a risk?

Mr. Danielson: We're taking a risk that the valuation has gone up, the risk being that the valuation has gone down.

Mr. Sostarich: So the bottom line is, to simplify what he's saying is do we want to risk the possibility of getting less than we need and if we take that risk we also run the risk of maybe getting more than we need, right? Rather than saying point blank we want 38,000. So that's really the question that he wants us to discuss right now, right?

Mr. Danielson: Yes.

Mr. Sostarich: What, okay, what do you think, take the risk?

Mr. Peetoom: No.

Mr. Sostarich: No, how about you Mike?

Mr. Sniffen: No.

Mr. Sostarich: Mr. Young, don't take the risk? Okay so we got 4 people here that are not willing to take the risk and I'm gonna throw in my lot with you guys cause I don't want to be a rebel rouser today, all right, like whoever's phone is ringing. So I guess we should make a motion then to go with option 1.

It was moved by Mr. Sniffen; seconded by Ms. Ball-Cummings and carried that; **Advalorem plan that we propose to the county that we want to raise property taxes to gain a specified amount of money, which is \$38,000, will be a fixed dollar amount.**

Ms. Ball-Cummings: What did he say, I'm sorry.

Mr. Sostarich: He said that he wanted to go with option 1 where we don't take the risk and tell the County that. You're seconded that, right?

(Inaudible, overlapping statements)

Ms. Ball-Cummings: Yes that's what I thought, well the phone is a distraction, sorry.

**5 Ayes                      0 Opposed                      0 Absent**

Ms. Ball-Cummings: Now they've already raised the property taxes. I don't know if you all are aware of the because we're all paying

Mr. Young: Oh yeah.

Mr. Sostarich: Yeah I got used to the gravy back in the

(Inaudible, overlapping statements)

Ms. Ball-Cummings: Well I'm just saying just here recently they appraised so and I don't know they may or may not. The only reason I'm stating the fact is it's a possibility due to the fact that we do not have growth out here. That's all I'm saying.

Mr. Sostarich: Yeah I agree with the comments that you made at the last meeting that about the roads being in a deplorable state.

Ms. Ball-Cummings: Yeah well I'm already working on that, they've already started on my road.

Mr. Sostarich: Well I hope it's better than that abomination on Derringer.

Ms. Ball-Cummings: Well I'll make a comment like I did, I don't know if it was you that drove by, was it you that drove by, didn't that look nice?

Mr. Young: Yeah but it ain't worth a shit.

Ms. Ball-Cummings: Well it might be, because it might be the rubbery stuff.

Mr. Young: It's cold mix.

Ms. Ball-Cummings: Is it? Well it's better than what they are right now. So if I can just get him to do the rest.

(Inaudible, overlapping statements)

Mr. Young: Driving on the shoulder is better than what it is right now.

(Inaudible, overlapping statements)

Mr. Sostarich: We'll talk about the roads later, all right?

Ms. Ball-Cummings: Yeah but I'm blessed so far. I can't complain.

Mr. Sostarich: We passed a motion here, is that the end of item 5 then or do you have more to say on the subject?

Mr. Danielson: That is the end of item 5. Mr. Chair, thanks to our power outage, I did get the WIFA letter and I'd like to step back to item 4 on The System Managers Report and better answer Board Member Mr. Sniffens question.

Ms. Ball-Cummings; Yeah, okay.

Mr. Sostarich: Okay we're back in item number 4 then.

Ms. Ball-Cummings: Okay, I need to review, great, oh good.

Mr. Danielson: Okay this letter is from WIFA and it's referencing the debt service coverage ratio as found in Exhibit D, Section 2, Source of Repayment and rate covenant provisions of our loan agreement with WIFA. In here it says the local Borrower covenants and agrees that it will establish and maintain schedules of rates, fees and charges for all services provided by the System which, after making reasonable allowances for contingencies and errors in estimates, shall produce Revenues in each fiscal year that are sufficient, (a) to pay for the Operation and Maintenance Expense of the system, (b) to produce an aggregate amount of Net Revenues equal the sum of 120% of the aggregate of the debt service or comparable payments payable on the Loan. Okay what it's saying is

Ms. Ball-Cummings: Like, hmmm, yep?

Mr. Danielson: We take our revenue

Mr. Danielson: subtract our operating and maintenance cost from it, add the depreciation back in to our, add depreciation back in, then compare the revenue we've generated, less operating and maintenance with how much we owe on debt service you know, how much we're paying the entire year for debt service verses how much money is left and they want us to make payment at 1.2, we were at 1.0 so raising our rate

Mr. Sniffen: will take care of it.

Mr. Danielson: in January should take care of that plus \$38,000 worth of Property Tax coming should also take care of it so. Okay that concludes my remarks on stepping back to item 4, Mr. Chair.

## **6. Discussion and Possible Action Concerning 2014-2015 Budget**

Mr. Sostarich: DPAC 2014-2015 Budget

Mr. Danielson: That is supposed to say Discussion and Possible Action Concerning 2014-2015 Budget.

Ms. Ball-Cummings: Okay, 1 moment, say financial sub-committee.

Mr. Sostarich: I believe he passed the budget, didn't you?

Mr. Danielson: No we passed the property tax, the budget is coming up right now.

Ms. Ball-Cummings: You are leaving our financial sub-committee right?

Mr. Danielson: We just did that.

Ms. Ball-Cummings: But you're leaving that out of the, not supposed to be what you just read.

Mr. Sostarich: No, we're on item 6 right now, discussion and possible action concerning

Ms. Ball-Cummings: Yeah, oh I see okay just the DAPAC, okay, I'm sorry.

Mr. Sostarich: That's okay, I didn't get it either.

Ms. Ball-Cummings: I didn't know, it's okay, I just didn't check it off, it's my mistake.

Mr. Danielson: Well it should have been spelled out properly.

Ms. Ball-Cummings; Yes I agree.

Ms. Walker: I apologize.

Ms. Ball-Cummings: Oh, that's the clerks fault, it's all good my dear, that's my bad, my bad.

Mr. Danielson: Okay I do not have a copy of the budget sitting in front of me.

Mr. Sostarich: Well, would you like to borrow mine?

Mr. Danielson: Yes sir, I would.

Ms. Ball-Cummings: I don't have one, do I, in my packet?

Mr. Sostarich: Yeah it's, he's talking about this right here.

Mr. Danielson: Yes.

Ms. Ball-Cummings: Yes I do, I had to just relief real quick, I've been having problems with my right side

(Inaudible, overlapping statements)

Mr. Danielson: I've got the worksheet in front of me.

Mr. Sostarich: I'll share with Don here.

Ms. Ball-Cummings: I've just been in so much excruciating pain, I just keel over.

Mr. Danielson: Okay this year I'm looking at operating expenses, contractual services for the field is \$55,000. Based on the worksheets, we went from 15,000 to \$30,000 for valves and valve replacement. \$8000 for the new meter read device. Labor we increased from 2000 to 4000 and that's the day labor we hire in here. We left emergency at 12,000 and rentals at 1,000 or it could be 5,000 for contractual services. Office we raised our Brinks estimate from 4700 to 5000 and left everything else the same. Accounting went from 11,000 to 12,000 because I think Wes is gonna be just a little bit more expensive. We left legal engineering alone. Okay salaries \$159,700, what we did is took current compensation for all employees and added 5% to it for a budget number, in case the Board wants to act in the future on employee compensation. We made a provision for more money available in for a part-time field technician which would work about 28 to 30 hours a week and we also dropped other compensation which is overtime from 4200 to 3700. We took 500 off of that. Under fringe benefits, life insurance went up from 1000 to 2500, retirement based on the second field tech and the employees making a bit more, went to 18,600 from 17,500 and medical, which last we had budgeted 45 for, if you remember we guessed at what it was, it's gonna be really closer to 55,000. We've

dropped that 28,000 next year and we've got a better medical plan in place than we have this year.

Ms. Ball-Cummings: You do this year better than last year?

Mr. Danielson: Next year's gonna be better than what we have.

Mr. Sostarich: So we're not gonna go belly-up?

Mr. Danielson: We're not gonna go belly-up.

Ms. Ball-Cummings: I didn't think so.

Mr. Sostarich: How did you pull that one off?

Mr. Danielson: A lot of work.

Mr. Young: A lot of phone calls.

Mr. Danielson: A lot of work, a lot of phone calls.

Mr. Sostarich: Congratulations, I might make it to the Christmas Dinner this year.

Ms. Ball-Cummings: The County should have helped you a little bit.

Mr. Danielson: Can I continue, may I continue? We did look at the possibility of taking us back under the medical plan and their answer was not only no, it was heck no, different adjective, by the way.

Ms. Ball-Cummings: Yeah okay.

Mr. Danielson: Okay Aflac which is strictly an employee funded thing, we cut dental from 1000 to 500 because of everybody is under EDS, part of us were under Pima County, part of us were under EDS a couple of years ago and Pima County was more expensive but they had better benefits than EDS had but we're all under the county now so we've cut, trimmed that back to 500. FICA which is Social Security and Medicare combined is up \$1100 from 11,600 to 12,700 based on higher salaries. Workman's comp stays at 5 grand. Okay training 2500 stays the same. Where we at here, okay training 2500 stays the same. Travel at 2800 stays the same. Excuse me, total travel at 56 stays the same. The Liability Insurance actually dropped from 12,600 to 11,800. Loan repayments stay the same. We've dropped the comp credit refund from 2500 to 1700 cause we're not giving that much money away so, the 5400 there is 800 less than last year.

Ms. Ball-Cummings: Are you on field or where you at, I'm lost.

Mr. Sostarich: He's on the bottom line now on.

Mr. Sniffen: We don't have that same page you guys got.

Mr. Sostarich: You don't?

Mr. Sniffen: No.

Inaudible, overlapping statements)

Mr. Danielson: No this is the worksheet. You can have a copy of it if you want.

Mr. Sostarich: Oh.

Mr. Sniffen: I would like a copy.

Ms. Ball-Cummings: We should all have a copy of it, I agree, yeah, no.

Mr. Danielson: Okay no problem.

Mr. Peetoom: This is what we got from the

Mr. Danielson: I'll make sure everybody gets one.

Ms. Ball-Cummings: The Financial Committee does that, that's what I was stating to you and we don't have the same copy as they do.

Mr. Danielson: On taxes, ADWR Withdrawal was 800 last year, we're gonna leave it at 1000. Board Clerk goes up by 100 bucks just because of the 5%. Elections, 3000, we are gonna have an election this year. 18,000 Member pays, dictated by law. For field equipment, we dropped that from 3 grand to 2500. O&M we dropped from 7 to 6. Left power at 40. We went from 14 to 17 on supplies, partially in order to help rebuild the inventory of all the lead fittings that we had that we're gonna have to scrap out and also just in case for some reason that 38 didn't cover it and we needed a little bit extra out of supplies to cover the handheld. Water testing, 8000, we actually left that there, we talked about cutting it back but we have not received the actual MAP charge for the Culver System.

Mr. Sniffen: That 8000, that was the vehicle right, not the water testing?

Mr. Danielson: Yeah vehicle, 8000 on the vehicle, we left that alone. 6000 on Chlorination, or on Water Testing and then Chlorination, 3000 stayed the same and we dropped testing from 2500 to 1500. So getting down to Office Communications, pretty much everything stayed the same all the way through there, Office Communications, Equipment, Publications, we scrapped Notifications and we dropped that by 500 for the Publications. Supplies stayed the same and we actually raised the answering service \$200 because they hit us with an

increase so the bottom line is the grand total for operating expenditures is \$591,900. Like I say, the worksheets I will get everybody copies of. Our Capital Expenditures, Service Vehicle is always on there in case we have to replace one of the trucks and the Veermer Vac is if we find an extra \$30,000 or somebody wills us \$30,000, we'll buy one. Revenue estimated water sales \$573,900, Advalorem Property Tax is \$38,000, Sales and Use Tax Receivable is 36,500. Residential Security Deposits, 10,000. Account Establishment Fees, 6000, New Customer Services,4,000, Scrap Meter Sales and Scrap Brass Sales, 2,000. For a grand total of 670,400 income and we flip back to the very first sheet which is a summary shows our expenses at 670,400 and our revenue at 670,400. Further questions on the budget?

Mr. Sostarich: I've got a comment, I'm agreeably impressed. I made other comments to that effect the last time this happened.

Mr. Danielson: The course of action that should now occur is that we, the Board moves to tentatively adopt this budget, That then allows me to publish it twice in the newspaper, as is specified by law, 5 days apart, by specified by law and we hold a special meeting 2 weeks from tonight to do the final adoption of the budget.

Ms. Ball-Cummings: Okay.

Mr. Sostarich: Does anybody move that we accept the proposed budget?

Ms. Ball-Cummings: No I disagree at this point, Mr. Chairman and Sig. First what I would like, if it's at all possible, that maybe you could run over real quick and get us copies and so I can and me and Mike over here, I'm sorry, I want to call you Gary, bless his heart, I keep thinking of him, so I can review it, he can review it real quick and then

Mr. Sostarich: Want to take a break while he runs over there?

Ms. Ball-Cummings: Yeah let's do that. We need three, Mike, Tony, do you need one?

Mr. Sostarich: Sound okay? Okay let's take a 5 minute break. I'll take one. It's 5:13.

(Inaudible, overlapping statements)

Mr. Sostarich: Okay we're back in session and it looks like it's 5:18 right now and I was about to ask if anybody wanted to make a movement?

It was moved by Ms. Ball-Cummings; seconded by Mr. Young and carried that; **to accept the proposed 2014-2015 budget.**

**4 Ayes**

**0 Opposed**

**0 Absent**

**1 Abstain**

## **7. Call for Public Comment**

Mr. Sostarich: No public is here.

## **8. Discussion and Possible Action Concerning Administrative Details**

Mr. Sostarich: I have nothing.

Mr. Peetoom: Sig, do you have it?

Mr. Danielson: I have nothing.

Mr. Young: I have a quick question. How far has the water table come up since the District has been pumping water?

Mr. Danielson: Don't know, when we lost the motor on the, that's not something that we monitor, but when we lost the motor on the Toma Well in 2008 or 2009 that water level had come up 10 feet over 10 years.

Mr. Young: Which one is on the well?

Mr. Danielson: That's the one that's on Feldman, or no on, McGinnis Easement, it's 1000 feet North Well Site.

it's in the Volk-  
of the well of the Culver

(Inaudible, overlapping statements)

Mr. Sostarich: It's in somebody's yard.

Mr. Danielson: Yes, it's a 50 by 50 square on the back of Jimmy Toma's yard.

Mr. Sniffen: Oh Jimmy Toma, that's where they called it from, okay, Jimmy Toma.

I knew

Ms. Ball-Cummings: I have one Administrative

Mr. Danielson: I didn't realize he spelled his name differently than

Mr. Sniffen: T h o m a.

Mr. Danielson: Yeah there's no h in it, it's spelled T o m a for our purposes.

Mr. Sostarich: Yes, what is your Administrative Detail?

Ms. Ball-Cummings: It's something that the whole Board needs to go over and Sig needs to discuss it with everybody, maybe in the next couple of months Sig. Over the years, we've received a water bill, and it's very much come to my attention ever since I've been a Board Member here. Can we maybe do the water bill in a different, know what I'm saying, because when it come, it just shows the amount you use and the water-wise and the amount dollar sign but it doesn't show anything else, it's too basic. Personally, I think and I don't know if everybody agrees with me but I think they need to be a little more explanatory.

(Inaudible, overlapping statements)

Mr. Sostarich: So what you're saying is you would like to see the water bills more itemized?

Ms. Ball-Cummings: Exactly, more explanatory, a little more, yeah a little more itemized.

Mr. Sniffen: Well it has last month's reading and this month's reading.

Mr. Danielson: How much you used and how much that's worth. It would be a programming change to the billing software and I would have to put together some type of a more detailed bill and then submit it to Fry and they would tell me how much it would cost me to make that programming change and then I'll bring it back.

Ms. Ball-Cummings: Yeah but if you look at it closely. Oh software, okay that's something, yeah.

Mr. Sniffen: I would love to see you guys take debit cards here.

Ms. Ball-Cummings: Oh that would definitely be a cost.

Mr. Sostarich: Have you

(Inaudible, overlapping statements)

Mr. Sniffen: I don't even know what a check looks like any more, all dirty.

Mr. Danielson: The problem is we looked at it most recently, about a year and a half, two years ago.

Mr. Peetoom: About three.

Mr. Danielson: Gary was on the Board so it was before Michael came on the Board and just based on what we estimated, we'd have to raise the base rate up just to cover the bank fees. That's why we've never done it.

(Inaudible, overlapping statements)

Ms. Ball-Cummings: Sig, can we go we go ahead and have that.

Mr. Danielson: And if you're talking credit cards you may be talking about one-seventy-five to two bucks.

Mr. Sniffen: I'm just talking debit card cause I never carry cash.

Mr. Danielson: That's the problem.

Ms. Ball-Cummings: Can we put that on next months, on the next months agenda and bring in the bill and then we can discuss it and then we can go from there and then let everybody decide you know if they want cause I know a lot of customers you know has made the comment to me when they see me out and about, when they see me out and about, which is not much but you know some of them it is hard for them to read it and understand it and I just go down to the office.

Mr. Danielson: I'll bring in the bill next month

Mr. Sostarich: As long as we're on the subject, has the office heard any concerns about itemized water bills?

Mr. Danielson: No but Theresa would more hear that than I would cause she deals with customers more often than I do.

Ms. Ball-Cummings: Yeah, but you know you never know if they want to come down and tell it or not, I mean it's up to them.

Mr. Young: They don't even come down to the Board Meeting.

Ms. Ball-Cummings: Well a lot of people don't want to get involved, Mike, be realistic, I mean once they get involved, it's like you know it's like I'm gonna be on T.V., or I'm gonna be something or other, I mean it's just a sad thing I mean.

Mr. Sostarich: Remind me Sig to remind you to make a note of that for the next agenda meeting.

Mr. Peetoom: He did it, he already did.

Mr. Danielson: Okay, I've got it here on this.

Mr. Sostarich: Okay you said there's gonna need to be another meeting done before the next scheduled meeting?

(Inaudible, overlapping statements)

Mr. Danielson: Yes, we need to meet either 23<sup>rd</sup> or June 30<sup>th</sup> to formally adopt the budget.

Ms. Ball-Cummings: Yes, June what the 23<sup>rd</sup> or 20 what?

Mr. Sostarich: 23<sup>rd</sup> or 30<sup>th</sup>.

Ms. Ball-Cummings: 23<sup>rd</sup> or 30<sup>th</sup>, that's Monday so what do you choose?

Mr. Sostarich: How about the 23<sup>rd</sup>?

Ms. Ball-Cummings: I'm good for that, I'm not

(Inaudible, overlapping statements)

### **9. Announcement of Next Meeting**

**The next special meeting of the Marana Domestic Water Improvement District Board of Directors shall be on Monday, June 23, 2014 at 4:00 P.M. at the District Office**

### **10. Adjournment**

It was moved by Mr. Sniffen; seconded by Ms. Ball-Cummings and carried that; **This meeting of the Board of Directors of the Marana Domestic Water Improvement District shall be adjourned at: 5:27 P.M.**

**5 Ayes**

**0 Opposed**

**0 Absent**

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Minutes prepared by  
L. Katy Walker  
**Clerk of the Board**