HAVASU HEIGHTS DOMESTIC WATER IMPROVEMENT DISTRICT
PUBLIC SESSION MINUTES

May 14, 2024

PUBLIC HEARING

1. **Call to Order.**
   Chairperson, Mark Schroeder called the PUBLIC HEARING to order at 6:00 p.m. on May 14, 2024 at Havasu Heights District Building, Lot 45, 7931 N. Barker Dr., Lake Havasu City, Arizona.

2. **Roll Call.**
   Present were Mark Schroeder, Chairperson; Jimmy Wilson, Clerk; Lucetta Richard, Board Member; Melinda Crawford, Board Member and, Also in attendance was Gene Newman, CPA for the District. Bill Stellhorn informed board he would not be in attendance. A quorum was met to conduct the Hearing.

3. **Pledge of Allegiance.**

4. **Call to the Public regarding proposed district budget and related costs and revenues. (Budget period: July 2024 – June 2025)**
   The Administrative Manager reported that there were no written objections received by the office. No objections from the public in attendance during the hearing.

5. **Announcement that a Public Meeting will follow after Public Hearing is adjourned.**

6. **Adjournment.**
   Lucetta Richard made a motion to adjourn the public hearing at 6:05 p.m. Jimmy Wilson seconded the motion. Motion carried.

PUBLIC MEETING

1. **Call to Order.**
   Board Member, Mark Schroeder called the PUBLIC MEETING to order at 6:05 p.m. on May 14, 2024.

2. Roll Call.

Present were Mark Schroeder, Chairperson; Jimmy Wilson, Clerk; Lucetta Richard, Board Member; Melinda Crawford, Board Member and, also in attendance was Gene Newman, CPA for the District. Bill Stellhorn informed board he would not be in attendance.

3. Call to the Public

Bill Fisher, Public stated it sounds like the budget was a deficit last year and again this year is that what I understood? Gene Newman explained the deficit works. Bill Fisher stated I understand we have cash in the bank, but were burning through it fair clip, what's the plan for that? Mark Schroeder explained we are actually not burn through it at a fair clip, that's the good news. Our investments are invested. We are solid and liquid. This is basically cash on hand. We did burn through some of the cash on hand, we all decided to rather than put that on a loan when we started working with M3 Engineering, that we would pay that out front. Which would be one thing we don't have to pay for that later down the road. Based on the interested we are making on that money, as a posed of the interest we have to pay, money we would have to borrow. In the event we would be upside down minimally. 3% vs. 21% why give it away.

Mark Schroeder stated when you look at the prothesis running negative, which is really not running negative. Because of the Reserves. Our Reserves. Chris Nixon, Public states it shows as a deficit but we actually have money to cover it. Lucetta Richard, Board Member stated that is correct. We need show the Board of Supervisors in our budget a little more than less. Cal Robbins, Public are we going to show more income than expenses or more expenses than income. Not the budget but the actuals. Is that a number in the red or a number in the black? Not the month to month but the year end? Mark Schroeder stated it is going to vary month to month, actual for instants adopted budget Insurance General was $6,044 the actual budget was $6,035. The holds true for meters, meter material, computer consulting did go because they raised up so we had to adopt for 2024-2025. Legal cost we budget $2,000 and used $1,600 and that was in the one month we had to use that. Jimmy Wilson, Board Member stated stamps are going way up. Mark Schroeder again adopted budget. Chlorine, etc. for the system adopted budget is $7,000 less than the actual budget for that year. Cal Robbins, public stated your talking about the budget. I'm talking about the money that came in the district is it more or less that the expenses occurred by the district for the previous year? Is the district currently in the black? Gene Newman stated the net income was -$28,000 which includes depreciation. Cal Robbin, Public what I'm looking at is the cash flow is it positive or negative? Lucetta Richard, board member says that actually was -$22000-$23000 last year. This year we are -$13,978. If you just do May – June -$1,677.00 for the month. Year -$13,978. That can be cover by the money in the bank. Cal Robbins stated so to make that budget red would be to make the

Call to the Public Cont.

income come up. Lucetta Richard Board Member stated Correct. Cal Robbins, Public we don't want to continue to run in a deficit. What do we need to do? We know you guys (board members and staff) cut expenses as much as they can. Public wants to know how do we erase that deficit? Lucetta Richard stated some of that was the M3 Engineering costs. This is a one- time expense for the project. Cal Robbins stated if you take the cost of that out you would have a profit. Mark Schroeder, Chairperson stated if we tell our constituent that we raised their rates for a one time expense and we weren't able to cover and next year we show a profit of $69K and that continue to grow every year for a one time thing. That changes a whole non-profit. Lucetta Richard, Board Member stated to take that out of the equation and were in the black.

Sheila Henderson, Public I'm here because I have the salon and I talk to lots of people. Credit card machine payments. Mark Schroeder, Chairperson stated you missed the last 40 meeting in regards to credit cards. Sheila Henderson, Public stated she is here now and I'm standing up for everyone in this neighborhood. I have 368 clients. Need to find a solution because everybody is frustrated. We have a lot of new people coming. I have 7 new clients and every one of them hate, hate cash or check. Lucetta Richard, board member stated it was discussed several times, because we know credit cards are easy. The problem is now any restaurant you go to in town they are charging you that 3% charge. Sheila Henderson, Public stated they don't care, they'll pay it. Lucetta Richard, Board member stated we have to cover that expense. Because the water district can't take on that expense to make it convenient. Melinda Crawford, board member stated that we need to upgrade our billing system first. That's another expense. Jacqueline has it on her radar, once the project for the water tank is over. Sheila Henderson stated I guess a lot of them are snowbirds and wanting the convivence of paying with a credit card. Jacqueline Moore, Administrative Manager stated they can pay through their bank. Mark Schroeder stated there are a lot of snowbirds out here and have been for the last 25 years. Sheila Henderson, Public stated there are new ones here. There are a lot of new people in the last 6 months. Our little community is changing and we need to change with it. Mark Schroeder, Chairperson stated we have been working on it multiple times and getting shut down due to expense. Jimmy Wilson, Clerk stated we get charged per transaction. Sheila Henderson, Public stated when you pay your electric bill they will charge $6.00 for a CC. My thing is people are willing to pay it. Pass the cost onto the customer. Last time we check was about 6 months ago. Jacqueline Moore, Administrative Manager stated One of the issues we looked into was Zelle. Unforurnately a lot of people don't even put their lot number on their payments, not only would I need to look on Zelle for the payment now I need to figure out who's payment it is and hopefully it matches a name on the account. There are some that pay for an account with a different name. Once I find it over there, now I got to add it into our billing

Call to the Public Cont.

system. Once I find it over in Zelle now I need to add it to our billing system. So it's double the work for me. To track the money & apply to the right account. If we do get to update our billing system they could pay right there with a CC. Wes Moore, Public stated you got to remember its only 215 accounts. Sheila Henderson stated so no change? Jimmy Wilson, clerk stated for now. Mark Schroeder stated we have to kind of prioritize a lot of these things I know are important to you personally and who you deal this is important to you, what important to us is $2.5M that we have to spend to continue giving you water and so we can charge you extra money so you can have the convivence to pay with a credit card. We have a $2.5M nut to crack right now, that with all due respect is substantially more important for a credit card convenience for 259 people. It's a crappy way to look at it, but it's just fact. We are a small business. We always have been a small business. And I don't want to say right now if it ain't broke don't fix it. Because that adequate mentality, we are fast moving fast forward. If we weren't we won't be spending $2.5M on a new water tank. Jacqueline Moore stated to Sheila you can always suggest doing it through their bank through bill pay. Jimmy, clerk stated that were trying to get another tank, right now if that tank to break for some reason, we have no water. You have no business because you have no water. We are trying to get another source so if that tank does go down, we'll still have water. Lucetta Richard stated I would say in future eventually.

4. **A. System Operator's Report.**

Operator Don Shed reported, set meter for the county they were out here working on the roads. For the very first time our water dropped below the fail safe. They used a lot of water that day and person with the pond is using more water. Mark Schroeder asked if he hit the extra charge amount yet? Don Shed, stated not yet. But he is not living there yet. Replaced a meter. Fight with the CL2 as normal. Lucetta Richard, Board Member asked with us hitting that low point you think that's from the pond? Jaime responded that, the county, the heat. Mark Schroeder stated a combination of everything. Both operators agreed.

Operator Jamie Wilson reported we did a brand new install on lot 73, covered for Don for a few days while he was gone. People are starting to use Bluestake like they're suppose to do. So staying busy with that. Did a job walk with contractors to verify some prints. Items that were not clear on the prints and clear it up with the contractors. Passed the treatment test to stay ahead in case we get hit with a treatment deal with 2 tanks. Mark Schroeder asked about the 3 things not on the prints were talked about? Type of pipe, dirt work, tank size. Jamie stated Yes.

B. Administrative Manager Report.
Jacqueline Moore reported. Bac-T came back clear. The beneficiary Ownership Information (BOI) that we talked about last meeting. I sent them an email they Basically they sent the list of exemption back highlighting Public Utility and Tax-Exempt Entity. Which we fall under both those. I also asked Jaime are accountant, she was right in the middle of tax season, she's going to read into more and get back to us. We have until the end of the year. Mark Schroeder, Chairperson stated don't let her forget us. Jacqueline Moore responded I'll reach out with her tomorrow. Been trying to keep up with all the PFAS webinars and the lead and copper webinars. A lot of what they are talking about is way over my head, about how to fix things. We were tested twice for PFAS and came back clear so I'm not too concerned with that one. I just want to stay up with any changes on the testing part of it.

5. Consent Agenda Items:
Lucetta Richard made a motion to approve item A-D, Melinda Crawford second the motion. Motion carried unanimously.

6. Regular Agenda Items.

* **A. Presentation for consideration and possible action re: Adoption of the proposed budget for Havasu Heights DWID (July 2023 – June 2024 prepared by Gene Newman, CPA If approved, the budget will be delivered to Mohave County Finance Department.** Melinda Crawford made a motion to approve the proposed budget for Havasu Heights DWID (July 2024- June 2025) Lucetta Richard second the motion. Motion carried unanimously.

B. **Discussion and possible action re: Presentation of Jimmy Wilson's resignation letter.** Jimmy stated he will still be living in the Heights in the same house it just won't be in his name. Lucetta asked if it's just because it's not in your name. Jimmy responded he's not on the title. With the work going on I'm available. Whatever they need. Mark Schroeder asked if this is something you want to do? Jimmy Wilson responded No. The reason I'm doing this is the rules say you have to be a property owner. Mark Schroeder asked if this a changeable item in the bi-laws? Jacqueline Moore, Manager stated she can contact the lawyer tomorrow and ask. Mark Schroeder, would like to find out from the lawyer if this can be changed with no, not little no ramifications. If we can change that and if that would open the board up to.

Discussion and possible action re: Presentation of Jimmy Wilson's resignation letter. cont. By not having a property owner on the board. Still a resident. Can the wording be changed from property owner to resident of the Havasu Heights Domestic Water Improvement District in the square mile we are in. Mark Schroeder motioned to declined is resignation and Lucetta Richard second the motion. Motion carried unanimously.

C. **Discussion and possible action re: Increasing amount of W.I.F.A. loan to help pay additional storage tank and possible new line for all pay additional storage tank and possible new line for all three "3" wells to pump directly to storage tank.** Jacqueline Moore, Manager reported that we have a bid from Pat Berns and we have 2 of them here to answer any question we have. Jimmy Wilson, clerk stated just to give the other board members an update Jamie and I walked through with Drew and Will, they came out here and had the plans and made sure nothing was missed. Walked from well to well and tank site. Told them what we wanted and expected. Everything we wanted them to do as far as a package deal. (start to finish) This includes the fencing of the tank. Drew from Pat Bern stated the only thing they found was from scaling the map in the office and what was on the prints was the footages may differ from the plans. (More footage on the plan then the map) The bids are based of the plans. We want to make sure we are bidding apple to apples. We included everything off the plans the we see. We do have a subcontractor for the bolted tank. We would be acting as a general contractor like we do for a lot of projects. We know Jimmy and Jamie for many years. Mark Schroeder asked if the tank bid was from the same contractor that we originally got a bid with? Drew responded we have 3 different bids from 3 different tank contractors. We have gone through all of them. We came up with our best scenario fit. Superior, Thompson, Pasa Robles. Basing the bid off of Superior Tank and Thompson. Jimmy Wilson stated that when he worked for the city water, he was the inspector when they did work for the city of Havasu. If there was an issue I would call Drew and they would take care of it. Drew stated we live in Lake Havasu. If it's something we messed whether it be material or install we'll fit it. Melinda Crawford asked that its safe to say you are licensed. Drew respond yes. Drew stated he has done a lot of WIFA projects. Mark Schroeder asked if he did River Bound and Drew stated he did the initial all 3 tanks. Drew stated that he owns his own ranch and when you have an outage of water how big of a deal it is. I did converse just above Wickenburg, when they were having water shortages. We went up there. Emergency can get costly, compared to preplanned. Mark Schroeder asked say this all comes to fruition with you or whoever else what's your ETA on this project from start to finish? Barring complication and that sort of thing you have to pull every man of your job is that

Discussion and possible action re: Increasing amount of W.I.F.A. loan to help pay additional storage tank and possible new line for all pay additional storage tank and possible new line for all three "3" wells to pump directly to storage tank. cont.

something you have to do from time to time due to emergency? I understand that happens. Do you have enough man power to leave someone on a backhoe, to leave someone hooking up piping if we are at that point if you call off 10 guys. Drew responded we have 85 employees. I run a $28M job with the state, all over Arizona. Main hub is here. If you have an emergency, we are ready to go. This job is small. Mark Schroeder asked obviously you don't have a crystal ball or microscope. To find out how much caliche your going to run into. You know your going to get it up there, how much of a concern is that? Drew responded some not much. Mark Schroeder asked How much of a concern is it for me? Drew responded normally how these projects go you have a GeoTech report we know that. Mark Schroeder asked if they have factored that in your bidding process? Or is that open ended? Drew responded that's a tough question. We know there is rock where you are setting the tank. That's why it would be nice had a coring report done. Jacqueline Moore, stated I think I sent it to them. Drew stated he will review it. Back to the ETA the pipe is readily available, the only difficult part would be brass fittings which you have none. The only other item that would be 8-12 weeks out would be the 8" check valve and vault. Submittal process is the longest process. Mark Schroeder stated for grins just give me a number 9 months, 12 months, 18 months? Drew responded 6 months from start to finish. 6 months from a mutual contract. Jimmy Wilson asked about permits. Drew responded permits are included, there not very difficult permits for this Area. Drew responded we have along list of exclusion that go on everything We bid. It's just a standard format. Excluded from that list County ROW permits Obviously we included the tax so that would be excluded 3 party consulting excluded as well. That basically is our survey, compaction testing, Bond cost will include that. Permits and fee will include that. When it comes to construction, not when it comes to WIFA or any funding. Survey staking would be excluded as well. We will send an updated list tomorrow. The one thing we want to make sure is that the Engineer has the correct amount of footage of pipe. There is a 1,200 feet difference. Mark Schroeder says we should go by what our engineer plans from M3. Drew states sometime engineers make mistakes. End I don't want to say we have another 1,000 feet of pipe, what do you want to do with it. Mark Schroeder asks the drawings that you have that we had M3 Engineering do, this what you based your entire estimate on and X amount of feet. Your concern is you may have more feet. Drew responded if you basis off scale of that map (map on office wall) it would be more. (extra material) You could be saving $50K. Mark Schroeder asked what can we do to fix that? Walk it off?

Discussion and possible action re: Increasing amount of W.I.F.A. loan to help pay additional storage tank and possible new line for all pay additional storage tank and possible new line for all three "3" wells to pump directly to storage tank. cont.

Drew stated if either walk it off or if they have survey control out here we could actually give you guys 100 foot increments, we have all our own GPS. If we had own control out here, I don't know if your engineers did that, I would assume they did. Then we could set up control. Mark asked the operator if they could verify that. Jamie responded he doesn't remember see that. Drew stated they have to have some sort of control to be able to create the project. Jimmy asked if Jamie and him could do it the old fashion way. Car and wheel? It would give us an idea within 200 feet. Drew stated the only other thing was construction water, we will fill our tanks at night. Will have a stand tank, not affecting the system. Stand tank will be filled with HHWD water. We supply the water. Jacqueline Moore, is to request the following information: Cad Files, 2D line work, control points and valve specifications. Drew stated we would send all our top drawings and our submittals of every nut, bolt piece of pipe everything to your engineers. Your engineer has to approve that. They have to by law. That's part of their contract with you. They have to approve the submittals. If they reject some, we go back revise and resend. That would be the main thing that all the pipe, fittings is up to code. That's the first process of everything. Jimmy stated with WIFA we need to use domestic material, we can't use foreign materials, so the cost is to be going be a little bit higher. Drew stated the only other question on is the check valve at the tank. We need more specification on what they want and if you want it in a vault. Just need AWWA approved. Jamie stated the current one is in the vault. Mark Schroeder asked if we had any other company make an attempt to do a bid? Jacqueline Moore stated Lindsay Excavating they called and wanted to submit a bid. But have not heard back from them. So we do have one other in hand Premier Backhoe which was sent out last month. They did not bid the whole job. They just wanted to the pipe part, nothing else. Mark stated we need to get the questions answered for the Board and Drew and Will. So if they have to do any alterations plus or minus. Jimmy asked instead of waiting another month can we hold a special meeting to move forward. Mark Schroeder said once Jacqueline gets the answer she can let Drew and Will and the board we can have another meeting if needed. Jimmy asked how long is the bid for? Drew stated 30 days, Mark asked if they could work a little bit on that? Drew responded yea. Do to waiting for the answers needed. Drew stated what a lot of boards do is a letter of intent. If we get that we can secure our pricing. Jacqueline Moore stated we still have to go through WIFA. Mark stated to contact WIFA and let them know what our intentions are.

Melinda Crawford, board member asked about terms of payment. Drew says

Discussion and possible action re: Increasing amount of W.I.F.A. loan to help pay additional storage tank and possible new line for all pay additional storage tank and possible new line for all three "3" wells to pump directly to storage tank. cont.

Drew stated you create your own terms of payments. A standard procedure with WIFA project would be you would hold 10%, No money down. As soon as we got to the job we would mobilization. $36,000-$38,000 they we would bill every 20th of the month. Expect to be paid by the 20th of the next month. (net 30 days) You hold $120K until we are done, done. Actually, in the state of Arizona once we are 50% done we give 5% of the 10%. We hold the other 5% until done and satisfied. Jimmy asked WIFA send anyone out before they release funds? Drew stated Usually, it's up to engineer. Engineer has their own inspector on the job. Bottom line is you have to satisfy your engineer. Engineer would probably have to come out for foundation of tank, pressure test of the entire water line. Chlorine test, Bac-T. Really up to the engineer.

9. Announcements.

A. Future Meeting Date

The next **Board Meeting** will be **Tuesday, June 18th, 2024** at 6:00 p.m.

B. Future Board Agenda Items

10. Adjournment.

Lucetta Richard made a motion to adjourn at 7:25 p.m. Melinda Crawford seconded the motion. Motion carried unanimously.

Jacquelin Moore
Administrative Service Manager

Acknowledged…Chairperson or Clerk

6-25-2024
Date