

**CROOKED RIVER RANCH WATER COMPANY
QUARTERLY MEETING OF BOARD OF DIRECTORS
February 15, 2017 - CRRWC Boardroom
MINUTES**

- I.** Meeting was called to order at 6:00 PM by President, Dennis Kirk. Roll was called and those present were: Archie McCawley; Dennis Kirk; Judy Lake; Sherry Loster; Nate Russell; and Frank Day, General Manager. There was one guest present.
- II. APPROVAL OF MINUTES:** Dennis Kirk then called for approval of the minutes of the November 16, 2016 meeting. **Nate Russell made the motion, seconded by Archie McCawley to approve the minutes of the November 16, 2016 meeting as submitted. Motion carried.**
- III. TREASURER’S REPORT** - Sherry Loster then presented the Financial Report for January through December 2016 as follows:

Total Revenue:	\$ 956,340
Total Expenses:	\$ 713,135
Net Income:	\$ 243,205

Year to Date:	<u>Balance</u>
Contingency Fund Balance	\$ 382,220
Loan Payment Reserve Balance	\$ 180,282
To Date Expenses on Tower Project	\$6,215,271

Dennis Kirk commented that, regarding the expenses for the Tower Project, the amount over \$4,900,000 was grant funds which do not have to be repaid.

Frank Day reported that the loan to the USDA for the Tower Project was finalized in December which lowered our interest rate to 1.875% vs. the 3.25% originally quoted. This saves the Water Company \$1.8 Million over the 40 year life of the loan. This also lowered our annual payment from \$219,000 to \$175,000 which in turn did not require as much in our reserve account. This allowed us to be able to transfer \$3,800 into our regular contingency account. The Water Company will now be putting a lesser amount into our loan contingency fund each month to make our \$175,000 annual loan payment.

IV. OLD BUSINESS:

A. Update on System Study Project by Parametrix

Dennis Kirk said that the study being done by Parametrix will look at the long term viability of the cistern which brings water down to the lower level of the ranch and determine whether it makes sense to put money into the cistern or replace it. Parametrix will also be looking at the main line which brings water from the new tower down to the cistern. This is the oldest line in the system and has had many leaks over the past few years. Since these systems were put in 30 to 40 years ago, Parametrix will look at what it will take to bring those components up to par by

repair or replacement; what the cost will be; and how the Water Company can do that work within the current rate structure. The line from the cistern down to the lower level has also had some problems and Parametrix will be looking at the viability of bringing the water directly to the lower part of the ranch by some other means.

1. Preparation of cistern for study and cleaning:

Frank Day indicated that in order to inspect and clean the cistern, it has to be emptied. This causes an issue because the cistern regulates the pressure to the lower part of the ranch. To allow for this study and the cleaning of the cistern, a pressure relief valve (PRV) will be placed in the cistern. And as long as a PRV is being installed, it was found to be also effective to add a Flow Meter which would allow us to keep records of water flow to the area, water demands and would allow chlorination of the lower level of the ranch without having to chlorinate the entire system. This is important as Well No. 2 is no longer operational as it has been producing coliform and no way could be found to stop it, so it will only be used in the case of an extreme emergency. Unfortunately the study can't be done without draining the cistern and it is necessary to provide water to the lower level while that occurs. The cost of a PRV and Flow Meter for the cistern is \$28,500. **Motion was made by Archie McCawley and seconded by Nate Russel to approve the expenditure of \$28,500 for the cistern PRV and Flow Meter. Motion carried.**

B. Review of Health Insurance

Dennis Kirk prefaced this presentation by saying that the Water Company has not provided insurance coverage for employees since the current board took over six years ago. The same employees have been with the company for those six years and we anticipate them being with us for years to come. We also cannot imagine how difficult it is for employees to not have any insurance or help from an employer to obtain it. With that in mind we undertook research to find a reasonable health insurance program for our employees. Frank Day reported that the Water Company engaged its normal insurance company that covers all of its other insurance programs and found that we are able to provide an employee plan through Providence, the costs of which are listed below:

1. Annual cost per employee + spouse is \$11,737 (estimated).
2. Total annual cost for three employees is \$29,343 for 2017. Only three employees are eligible for the coverage. Because of current law, employees who are covered under a spouse's insurance are not allowed double coverage and two of our employees are already covered under spousal insurance and are ineligible. Frank Day indicated that the Board has tentatively approved the insurance coverage for 2017. Dennis Kirk added that the Board is always cognizant of the needs of the Water Company and the continuing work needed on other critical components of the water system. They will continue looking at the budget to be able to incorporate funds for the employee insurance program into the annual budget without the need to increase rates. Dennis went on to say that the revenue savings from the lower interest rate on the loan for the Tower Project gave us additional revenue in the amount of \$43,000 which allowed us to be able to do something like this. Dennis then called for a motion. **Nate Russel made the motion, seconded by Sherry Loster to approve the insurance proposal. Motion carried.**

3. 2017 Budget Update – The budget will need to be amended due to the addition of the health insurance package and added capital improvement expenses to be discussed later. **Motion was made by Judy Lake and seconded by Archie McCawley to update the 2017 budget and have it ready to present to the Board at the April workshop. Motion carried.**

VIII. NEW BUSINESS:

- A. A motion was made by Sherry Loster and seconded by Nate Russel: **As it has been determined that preparation of the minutes is a necessary function of the company, we move to compensate Cheryl McCawley in the form of a Visa card in the amount of \$100 which is also an expression of our gratitude for providing this service. Motion Carried.** *(As the writer of these minutes I was surprised and very much appreciate the Board's gift).*

IX. GENERAL MANAGER'S REPORT

- A. Project Update:

Frank Day reported that the project is very close to being completed. The water tank portion done by Landmark has been completed and Landmark has been paid, which puts us in the warranty period. The rest of the project which is considered ground work is being done by JRS. There are still minor issues with some of the testing and inspections that are still needed before substantial completion can be issued. Because warranties don't begin until substantial completion is issued, we intend to wait as long as necessary to assure that everything is done correctly before we begin the warranty period. Frank also commented that the new water line on Mustang is a mess right now because of the recent weather and that the contractor will have to wait until spring to finish the project.

- B. Health of the Water System:

Frank Day reported that when the new water tower was put online back in December the system was chlorinated for about four weeks with about 1.9 parts per million throughout the entire system. This was done because we have had a number of coliform hits over the last few years. These readings were due to a number of things but mostly Well #2 on the lower level (which is no longer in service). It was felt that the timing was good with the new water tower, so Frank and the Board decided to chlorinate as a precaution. The new State laws concerning coliform indicate that over 4 hits of coliform in two years require "maintenance," which is chlorination. He went on to say that unfortunately with the weather and the new line, coliform was found again in the system. However, since we were able to isolate the problem with the Mustang line, the State did not require chlorination of the system at this time. Another light dose of chlorination will be done on the whole system in March as another precaution. The Mustang line has been re-chlorinated and may be back online soon. The Water Company will take every step possible to maintain a system free of chemicals and will make sure that our staff closely oversees the work of contractors. The last test of the entire system came back totally free of coliform.

Dennis Kirk did ask about the possibility of accelerating the back flow program because of our risk with the coliform. He said this was not something that needed to be discussed at this meeting but could be brought up at a future meeting. He also mentioned the possibility of having

Avion come in to help with the back flow installations while our two staff members work on other system projects. Frank Day commented that he felt that the risk from not having all of the back flow devices done was not that great. He asked for the opportunity to get some numbers put together in order to come up with a plan to finish the remaining number of back flow installations.

- C. Frank Day also announced that there will be an open house scheduled for the water tower sometime in late April or early May and details will be publicized once the date and time is scheduled.

XI. ADJOURNMENT

There being no further business, the meeting was adjourned at 6:32 PM.

_____/s/ **Sheridan Loster**_____
Sheridan Loster, Secretary/Treasurer

May 10, 2017
Date