

El Creston Mutual Domestic Water Consumers' Association

Thursday November 3, 2016, 7:00 pm

Board Meeting Minutes revised per Surgeon notes 11-17-16

49 Mirasol Road, Ojitos Frios Ranches Subdivision

Present: Joe Zebrowski, Gene Solyntjes, Ric Valenzuela, Crystal Gallegos, Karyl Lyne, Mitch Barker, Brigido Ortega, Jim Peters, Linda Solyntjes, Dallas Turner, Cheryl Zebrowski,

1. **Call to order and proof of quorum** – Called to order at 7:02 pm with full board present.
2. **Proof of notice of meeting** -- Notices were posted and emailed.
3. **Approval of Agenda** -- Approved (Crystal/Gene)
4. **Approval of 10-6-16 minutes** -- Approved with correction of the spelling of Holley to Hawley. (Ric/Gene)
5. **Treasurer's Report** – See attached. Bills have been paid and Crystal will talk with Wells Fargo about the recurring \$3 to have it removed. A number of assessment checks have been received. Crystal reported that she had not received gas receipts for the truck from driver Mark Strek for some time. Ric will get them.
 - a. **Filings status** (DFA budget, Audit Act, etc.)
 - b. **2016 Audit** – Jim Peters presented the 3rd quarter budgeted and actual figures. We ended the quarter with \$7733 more than expected because of 1) \$500 more in new memberships; 2) 2015 assessments of \$2400 collected; 3) 133 water deliveries instead of the budgeted 110; 4) only \$300 paid in easement leases as opposed to the budgeted \$900; 3) non-payment of gross receipts tax of \$1300 yet; 5) Waiver on principle repayment of WTB loan; 6) reimbursed audit fee of \$1070. Jim will identify an auditor for the official 2016 audit.
 - c. **2017 Budget** is difficult to predict as we don't know when we'll begin delivering water (likely March or April) and we don't know how many people will hookup. Joe spoke with Rural Community Assistance Corp. staff recently, who are analyzing our proposed rate structure and recommended that instead of \$75 per month we lower it to \$60 per month because the federal agencies will recommend we raise the fees whether they are proposed at \$60 or \$75. Also, we may have overlooked including liability insurance for the system in our fee structure.
6. **New business**
 - a. **Water System Phase I Update** – The water tank is installed and is being sand blasted and painted inside and out. The paint must have fairly warm temperatures to cure properly, so we hope warm weather holds. Crystal reported that Desertgate has expressed an interest in mounting a tower on the top of the tank for which they would pay \$100 per month. The excavation of rock at the top of Dorothy is proceeding very slowly, however because we have deferred the construction of the water distribution station, laying pipe clear to the county road and a few other items to later phases, we believe we'll still be able to get pipe north on Mirasol to Valenzuelas, thus providing water to a number of users. Joe did say that if anyone wants rock for their property, they should contact him. There is plenty of rock, which has to be removed. The finished color for the tank is "Weathered Bark" and the pump house will be finished to match that color. Projected construction completion is still 12-31-16.

- b. Review of current and planned funding applications
 - i. **Water Trust Board**
 - 1. 2013 – We're drawing down this money now for construction and it should be completely drawn down by February, 2017.
 - 2. 2017
 - ii. **Legislative Capital Outlay** – Joe asked for one distribution of this money in November and one in December.
 - 1. 2015 – We will request \$150K in January and hope for \$10K.
 - 2. 2016
 - iii. **DWSRF** -- DWSRF requires water being distributed before they will entertain requests for money.
 - iv. **USDA** – This agency is radically simplifying their application process. Recently they have returned a large percentage of their funding allotted to New Mexico because it is a combination of loan and grant and most communities can't afford a large loan. According to Blanca Surgeon USCA uses a point system to give the most grant. It includes the water rates of the MHI/income of the community and whether there is a violation to water regulations. El Creston has a violation, so we should see if we qualify for a 75% grant.
 - c. Water emergency update
 - i. Number of households that have lost water
 - ii. Status of information gathering
 - d. **Water hauling** --
 - i. **Recent compliance issues** – There is a new sampling plan for hauled water quality and Ric will distribute materials to water hauling customers regarding El Creston compliance with that plan. Joe asked Ric for a complete list of the water hauling customers with full contact information. El Valle is handling our compliance paperwork.
 - ii. Review of current needs and activities
 - e. **Membership drive update/number of members** – 1 new and one transfer of membership were reported bringing membership to 67.
 - f. **El Creston proposed rates report.** See above.
7. **Public comment** – Joe indicated that the Phase II application will be submitted in November and is the same project as was submitted in 2013 and proposes to get water to Sheridan Fire Station. He also mentioned the Rural Infrastructure Projects (RIP) funds which are often more quickly obtainable to finish projects.
8. Review action items
9. Next meeting date – Thursday, December 1, 2016 at 7 pm at 49 Mirasol.
10. Mandatory Board Training – Saturday, December 3, 2016 Time and Place TBA
11. Adjourn – The meeting adjourned at 8:22 pm.

Respectfully submitted,

Karyl Lyne, Secretary, El Creston Mutual Domestic Water Consumers' Association

- 1) **Activity Summary** - As of 11/03/16, we have \$909.48 in Checking and \$3,268.88 in Savings with a combined Checking and savings total of \$4,178.34.
- 2) **Deliveries-** Mark Steck will be paid for 10 deliveries for the month of Oct. 2016.
- 3) **City of Las Vegas-** \$259.88 is due on 11-4-2016 for service period of 08-11-2016 to 09/10/2016.
- 4) **Oct. Truck Expenses** - No information provided to me at the time of this report.
- 5) **Expenses paid-** Boost Mobile \$32.52 October, Intuit monthly payroll \$42.58.
- 6) **Upcoming Major Bills:**
None
- 7) There is a reoccurring charge of \$3.00 that we have been getting reversed and thought the situation was handled. It appeared again on this statement so I will contact Wells Fargo again to take care of it.
- 8) 23 assessment payment have come in.

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2016 Budget/Actual as of September 30, 2016

	2016 Budget 3rd Qtr to Date	2016 Actual 3rd Qtr to Date	3rd Qtr to date Budget/Actual	Percent of Budget
Beginning Cash				
Truck loan reserve	\$ 2,211	\$ 2,210.54		
Water hauling operating reserve	2,374	2,374.00		
System operating reserve	-	-		
Unreserved	<u>3,705</u>	<u>3,705.62</u>		
Total Beginning Cash	8,290	8,290.16		
Administration				
Revenues				
New Memberships	-	500.00	500	
Assessments	-	2,460.00	2,460	
Donations	75		(75)	(100.00)
Interest and miscellaneous	<u>3</u>	<u>4.43</u>	<u>1</u>	<u>47.67</u>
Total Admin Revenues	78	2,964.43	2,886	97.37
Expenses				
Supplies and administrative expenses	133	262.42	(130)	(49.41)
Filing fees	420	300.00	120	40.00
D & O Insurance	799	813.00	(14)	(1.72)
Accounting	644	1,145.51	(501)	(43.74)
Website	<u>139</u>	<u>131.40</u>	<u>8</u>	<u>-</u>
Total Admin Expenses	<u>2,134</u>	<u>2,652.33</u>	<u>(517)</u>	<u>(19.49)</u>
Net Administrative	(2,056)	312.10	2,369	759.17
Water Hauling				
Revenues				
Hauling fees	9,804	10,861.00	1,057	10.78
Water charges	<u>2,736</u>	<u>2,976.00</u>	<u>240</u>	<u>8.77</u>
Total Water Hauling Revenues	12,540	13,837.00	1,297	10.34
Expenses				
Water costs	2,720	2,883.89	(164)	(6.02)
Driver gross wages	3,990	4,495.00	(505)	(12.66)
Driver payroll taxes	426	506.21	(81)	(18.95)
Gas	1,006	1,155.03	(149)	(14.81)
Maintenance	396	2,654.74	(2,259)	(570.46)
Cell phone	-	200.53	(201)	
Truck licensing	49	89.05	(40)	(81.73)
Insurance - truck liability	479	445.00	34	7.10
Insurance - workman's comp	1,000	849.00	151	15.10
Gross receipts tax	1,288	-	1,288	100.00
Transfer to loan reserve	<u>1,789</u>	<u>1,789.46</u>	<u>-</u>	<u>-</u>
Total Operating Expenses	<u>13,143</u>	<u>15,067.91</u>	<u>(1,925)</u>	<u>(14.65)</u>
Net Water Hauling	(603)	(1,230.91)	(628)	104.11

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2016 Budget/Actual as of March 31, 2016

	2016 Budget 3rd Qtr to Date	2016 Actual 3rd Qtr to Date	3rd Qtr to date Budget/Actual	Percent of Budget
<i>System Revenues and Expenses</i>				
Revenues				
Water hauling water sales			-	
Additional stand pipe sales			-	
Connection revenues			-	
Standby assessments			-	
Capital Grants	10,000	-	(10,000)	(100.00)
Total System Revenues	<u>10,000</u>	<u>-</u>	<u>(10,000)</u>	<u>(100.00)</u>
Expenses				
Electrical costs	-		-	
Accounting and administrative	-		-	
Advertising	-		-	
Audit fees	1,070		1,070	100.00
Gross receipts tax	-		-	
Easement leases	900	600.00	300	33.33
Water operator	-		-	
System Planning Loan	532	532.12	-	-
WTB #1 loan payment	5,127	237.54	4,889	95.37
Capital expenditures.	10,000	267.08	9,733	97.33
Transfer to system operating reserve	-	-	-	-
Total Operating Expenses	<u>17,629</u>	<u>1,636.74</u>	<u>15,992</u>	<u>90.72</u>
Net System Cash Flows	<u>(7,629)</u>	<u>(1,636.74)</u>	<u>5,992</u>	<u>(78.54)</u>
<i>Restricted Revenues and Expenses</i>				
Transfers to reserves	1,789	1,789.46	-	-
Truck loan proceeds and (payments)	(4,000)	(4,000.00)	-	-
Net Restricted Cash Flows	<u>(2,211)</u>	<u>(2,210.54)</u>	<u>-</u>	<u>-</u>
Net Cash Flows	<u>(12,498)</u>	<u>(4,766.09)</u>	<u>7,733</u>	<u>(61.87)</u>
Ending Cash Balance				
Truck loan reserve	-	-	-	
Water hauling operating reserve	2,374	2,374.00	-	-
System operating reserve	-	-	-	
Unreserved	(6,583)	1,150.07	7,733	672.40
Total Ending Cash Balance	<u>(4,209)</u>	<u>3,524</u>	<u>7,733</u>	<u>219.43</u>

El Creston 3rd Quarter 2016 Budget Actual Explanations

We ended the quarter with \$7,733 more in the checking account than we budgeted. The major reasons are:

Higher revenues and lower expenses

- We had \$500 for new memberships that weren't in the budget
- We collected \$2,400 in assessments from last year that we hadn't budgeted for this year.
- We budgeted for 110 water deliveries and we did 133.
- We budgeted to pay easement leases of \$900, but only paid \$300. The \$900 was for the full year so these will need to be paid later in the year when we begin operations.
- We haven't paid gross receipts taxes yet this year and owe about \$1,300.
- We received a waiver on the principle repayment portion our WTB loan. We had budgeted \$4,889 for it.
- We were reimbursed for the audit fee, which was \$1,070

Lower revenues and higher expenses

- Accounting expenses are \$02ver budget. Our budget is based on a monthly fee, but we paid an addition annual charge in the second quarter. Thus, our budget was incomplete.
- We are over budget on truck maintenance expense for \$2,259. We lowered the budget to get it to balance for the DFA and knew this amount was underestimated.

Conclusions

Administration - Our administrative cash flows are ahead of budget because the assessments and memberships as well as lower filing fees more than compensate for the higher accounting costs.	\$2,369
Water hauling - The higher number of deliveries just about compensated for the higher maintenance costs	-628
Systems - The waiver of the loan payment, delayed payment of easement leases, and reimbursement for the audit created a large, positive effect	5,992
Total difference	\$7,733