

Kay Lorenzen,           President  
Renee Breedon,       Secretary  
Larry Hudson,         Treasurer

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**Budget Committee Meeting  
April 24, 2018 – 6:00 P.M. to 8 P.M.  
16040 N. 43rd Avenue  
Glendale, AZ 85306**

**MINUTES**

1. **CALL TO ORDER:** Meeting was called to order at 6:09p by Peggy Schwend, Chair.

Committee members in Attendance:

Peggy Schwend – Chair, Bob Bustoz, Anthony Chase and Victor Armendariz.  
Others in attendance: Richard Mitten and Larry Hudson.  
Not In attendance: Cathy Hacker and Walt Michaels.

2. **NEW BUSINESS:**

- A. Discuss and Decide on Walt Michaels’ resignation from committee.

The Chair read the email Walt Michaels sent about his resigning from the committee. After discussion of this issue, the committee members did not vote on the motion and are allowing this issue to die for lack of a motion. The unanimous consent was to not accept Walt’s resignation. He is a valuable member of the committee and has much experience and knowledge. The committee hopes that he will still participate in the process of developing a good 2018-2019 budget.

3. **OLD BUSINESS:**

- A. Discuss and Decide on Budget items.

Line 213 - Other Services (Lien Filing Fees) Bob Bustoz researched this item. This line item has been lower than \$480 for several years. It was commented that there has been 18 sales this year. Committee agreed by unanimous consent to set this income line item at \$360 for this budget.

Line 214 - Escrow Transfer Fees – Bob Bustoz researched this item. Escrow transfer Fees - The charge is \$100 per transfer. Home sales in SFID appear to be declining. Committee is reducing this income line item from \$3000 to \$2400.

Line 215 – Finance Charges – This income is from the finance interest charges on accounts that are 30 days or older. Bob Bustoz researched this line item. The committee compared the trend of this line item over the last few years. 2015-2016 the value was \$9350. 2016-2017 it was \$10,124. The current year, 2017-2018 will exceed the budget. It is now \$8987 at 9 months. Since this is an income item, the committee conservatively retained the value of \$9,000 for the new budget.

SUNBURST FARMS IRRIGATION DISTRICT

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Electricity - Cost per Hour – Bob Bustoz reported that he contacted the APS representative for SFID. He learned that APS has an Online Portal. SFID can register an account and create a login ID and password. That can then be used to view history and access data on the SFID accounts for 43<sup>rd</sup> Ave and 35<sup>th</sup> Ave pumps. Bob reported that APS has not asked for a rate increase for 2018. The committee commented that it would be good for SFID to create those accounts to have another way to review electricity usage.

Anthony Chase presented trending history of cost of electricity. Peggy Schwend calculated the values of the current 4 months to be \$17.20 and 2016-2017 to be \$16.70. Walt Michaels had presented the value of \$16.82 as the value to be used for the current budget. The committee members decided by unanimous consent to set the Cost of an hour of Electricity to \$16.82 since Walt’s value was in the middle of the range of values.

Line 352 – Irrigation Transportation Gas & Oil (Current budget is \$6500) – Victor Armendariz and others reviewed the price of gas at Chevron, QT and Fry’s. The range is 12 cents to 20 cents a gallon cheaper to use QT or Fry’s. Also, distance to drive to QT or Fry’s saves almost 2 miles each time a refill is needed. QT has a corporate card instead of Chevron gas card. Suggestion was made to have a log in the trucks to capture start and stop mileage when refueling vehicles... Committee recommends that SFID board make a change to reduce miles driven and price of gas. Gas price is predicted to go up, so committee decided by unanimous consent to leave the line item at the \$6500 value.

Line 361 Irrigation Labor (last year budget - \$63,690). Again discussed this issue. Anthony discussed the trend over the last few years. The committee agreed by unanimous consent to set the item at \$63,690.

Line 371 Payroll Taxes/Fringes – Using the multiplier value given by Cathy Hacker (.0991), this line item is determined by the Irrigation Labor hours times the constant .0991. (\$6312).

Line 372 - Health Insurance (Water Delivery) – Brenda Brown is communicating with SFID Insurance Agent. Only 1 irrigator wants to participate this year. The value is determined based on age of employee. Insurance contract runs for August to August. Brenda will work with the agent to find best contract. Agent believes the cost will increase 7% - 10%. SFID should have better idea on cost of this line item in mid-June. Bob Bustoz commented that the RFP process should be used more frequently for items such as insurance, contractors, etc. This line item for one employee, (current cost is \$257.84) is being increased by 10% to establish the baseline value. (The board will need to revisit Line 372, 417.5 and 366 all pertaining to Employee Health Insurance in mid-June to verify that the estimated values are correct).

COST OF WATER – Actual cost of water is \$25.26 with zero profit. To be able to divide by 12 to have 5 minute intervals, (Water is sold a minimum of 20 minutes with increase of 5 minute intervals –Per Richard Mitten and Walt Michaels). The amount was raised to \$25.32. This allows a 5 minute value of \$2.11. The additional income is \$630 per year for water. The committee accepted this value by unanimous consent.

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Line 362 Salaries-Supervisor – Irrigation Manager – The budget value from 2017-2018 is \$44,660. Anthony Chase pointed out that the value from last year is too high. Discussion ensued identifying that both managers were not awarded a raise this last year. That means that the value of that line item is already inflated. The current salary of the Irrigation Manager is \$??,???? (Value needs to be verified). (In 2016-2017 the actual value was \$42,300.10 which is \$813.46 per week but may have included a bonus?) (Need to have Cathy Hacker verify and give actual amount). Committee needs to revisit this line item at next meeting after getting firm numbers.

Line 363 Salaries- Admin Payroll Expense– Office Manager – The budget value from 2017-2018 is \$43,710. Anthony Chase pointed out that the value from last year is too high. Discussion ensued identifying that both managers were not awarded a raise this last year. That means that the value of that line item is already inflated. The current salary of the Office Manager is \$??,???? (Value needs to be verified). (In 2016-2017 the actual value was \$41,285.29 which is \$793.43 per week but may have included a bonus?) (Need to have Cathy Hacker verify and give actual amount). Committee needs to revisit this line item at next meeting after getting firm numbers.

Line 366 Manager Gas Transportation – Current 2017-2018 budget value is \$1600. This line item is above the budgeted amount due to increased gas prices. Committee agreed by unanimous consent to increase this line item to \$1800. It was commented that the Irrigation Manager should use Fry’s or QT instead of Chevron to reduce mileage and gas price per gallon. Also QT Corporate Card or other card as identified in Line item 352 for Irrigation transportation.

Line 366 Health Insurance Management – Brenda Brown is communicating with SFID Insurance Agent. Insurance contract runs for August to August. Brenda will work with the agent to find best contract. Agent believes the cost will increase 7% - 10%. SFID should have better idea on cost of this line item in mid-June. The estimated line value is \$11,000. (The board will need to revisit Line 372, 417.5 and 366 all pertaining to Employee Health Insurance in mid-June to verify that the estimated values are correct).

Line 375 Workman’s Comp Insurance – Estimated to be \$7000. Is this a correct value? Cathy Hacker provides this number.

Line 411 – Depreciation Expense. Value from the Depreciation Expense spread sheet shows the value \$253,675. The 2016 Chevy is missing and discussion ensued about the values and depreciation time for different items. Committee wants to review this item in more depth. Larry Hudson wants Walt Michaels to review the spreadsheet. All committee members got a copy. This item will be revisited at the next meeting.

Line 414 Building & Equipment Repair - This line item is for minor repairs to the office building and equipment located there. Committee agreed by unanimous consent to leave the line item at \$500.

Line 416 – Repair – Pumps Maintenance – Richard Mitten explained that is line item is for the routine maintenance that is conducted on the pumps. Committee agreed by unanimous consent to leave the line item at \$1086.

**SUNBURST FARMS IRRIGATION DISTRICT**

**EXECUTIVE BOARD**

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NEXT MEETING – Monday, April 30, 2018 @ 6PM – 8PM at the District Office.

4. ADJOURNMENT: 8:10PM

*Posted* this   28   day of   April  , 2018  .

*by:* Peggy Schwend