

EXECUTIVE BOARD
SUNBURST FARMS IRRIGATION DISTRICT

Victor Armendariz, President
Renee Breeden, Secretary
Larry Hudson, Treasurer

Budget Committee Meeting
JUNE 18, 2019 – 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 6:05p by Peggy Schwend, Chair.

Committee members in Attendance:

Peggy Schwend – Chair, Victor Armendariz, Kay Lorenzen, and Jeremy Mitchell.
Others in attendance: Richard Mitten, Walt Michaels, Cathy Hacker and Larry Hudson.
Not In attendance: Bob Bustoz, Kerrie Kauzlarich

2. NEW BUSINESS: None
3. OLD BUSINESS:

The committee discussed the revisions to the 2018-2019 projected budget to actual values. The final water fee loss for the year was projected to be \$2,930.45. This value will be added to the budget for 2019-2020. Going forward, significant gains or losses will carry forward to the next year due to the not for profit aspect of SBFID.

The committee reviewed the 2019-2020 proposed budget and decided leave Irrigation Truck Maintenance and Insurance under the Overhead Membership category.

There is \$2,930 loss on water for 2018-2019 that will be carried over to the 2019-2020 budget. Cost of power for 11 months in 2018-2019 was \$17.04. Since there is a risk to just using that value (June 2019 has only been estimated), the committee agreed to increase that value to \$17.25 to make sure the power cost is covered. (Electricity for Irrigation pumps is the largest value affecting the Water Fee.) Also, the committee is recommending that significant variances (higher or lower than fees for that year) in Water and in Member costs will be carried over to the next year. This will help in keeping SBFID “not for profit”.

The Water Fee is recommended to be set to \$26.88 per hour. The major component of this fee is the \$17.25 per irrigation hour. (Since 2 properties are irrigated at a time, the cost of the pump water per hour would be about \$34.50. That value is divided by 2 properties to arrive at the \$17.25 per water hour.) The breakdown on costs that affect the water deliver fee is: Power: \$17.25, Irrigation Labor/Fringes/Taxes/Health Insurance: \$7.73, State Water Fees: \$.70, Irrigation Transportation & pump supplies: \$.85 for a total of \$26.53. Add to that the prior year loss of \$.28, brings the Water Fee to \$26.81. SBFID sells water in 5 minute increments (After the required 20 minute minimum). Therefore the value must be divisible by 12. 5 minutes = \$2.24 and twelve times that number is \$26.88. So the Water Fee is set to \$26.88. (That value is 7 cents per hour above the breakeven point.)

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The Membership Fee is recommended to be set to \$42.90 for the 2019-2020 budget year. Several line items contribute to this value. The 2018-2019 Member fee was projected to have a profit of \$774.95. Since this is a small value, (under \$1,000) and the month of June actuals are not totally included in the projection, it was decided to not carry forward that value.

The cost of the Overhead/Member Expenses is \$44.07 per acre. However, it has been projected that SBFID will have Other Income (Finance Charges, Escrow Transfer Fees & Other Services) that will offset the cost of Member Fee by \$1.17 per acre. Therefore, the Cost of the Membership Fee for 2019-2020 is \$42.90 per acre per month.

The Membership Fee increased this year due to increase in insurance costs and outside services and small increases in various line items.

There was a question of what affected account 486 Dues and Subscriptions. Cathy Hacker reviewed that account and identified the expenses as: Blue Stake, Carbonite, Daily Journal and Costco.

Capital Budget for 2019-2020

Capital Funds are currently healthy with an estimated \$81,795.74 to be carried over from prior year. Included with the Depreciation amount of \$152,856, SBFID has \$237,771 available for capital projects this year. No Capital Fee will be required this year. The Trackhoe lease/buy is budgeted for \$11,672.76. The Irrigation Manager has identified two potential projects Line 6 from 45th Ave to 47th Ave – ¼ mile and Line 8 from 47th to 49th Ave – ¼ mile. Both have been estimated at \$65,000 each but a detailed project plan is needed on both for SBFID internal work. Also, SBFID needs at least 3 bids from outside contractors so that the board can determine the best way to handle the capital improvements.

RECOMMENDATIONS:

1. Call APS and get the meter reading changed to the 1st or 2nd of the month and the statement issue date soon after. This would bring the monthly electricity charges more in line with the water delivery hours. Explore ONLINE Access to see if SBFID can review values at any time.
 2. There will not be a Capital Fee for 2019-2020, however, SBFID needs to establish a separate entry on the statements for future Capital Fees and not include that value in the Member Fee value. This will prevent confusion and also provide an additional separation for regular funds and capital funds.
 3. Review of Capital Funds, Operating Funds and Emergency Capital Funds needs to be conducted. These accounts need to be reconciled to make sure funds are being identified and used correctly.
 4. Checks need to be established on the Capital Funds Account and used to show transfer of capital funds to pay for capital projects. Also, verify that SBFID has documentation that shows when depreciation and capital fees are being transferred from the Operating Account to the Capital Account.
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5. Board needs to make decisions on how many Capital projects will be started and completed this year. Also, need to determine if the project(s) will be done by SBFID or an outside contractor. (Richard Mitten will need to write RF(s) and get at least 3 bids and provide the internal project forecast(s) if the project(s) is (are) to be done by SBFID).
 6. Starting 2019-2020, it is recommended that any significant gains or losses in the water fee and/ or Member fee for that year, will carry forward to the next year due to the not for profit aspect of SBFID.
 7. The Depreciation Review and Revision Committee needs to be re-established this year to revise and remove duplicate and old outdated entries in the Depreciation Schedule. Additionally, possibly establish a procedure for naming, and identifying the items entered, including dates. This will probably cause a decrease in the Depreciation amount for the next budget year.

Discuss and decide on proposed budget

Motion: Move that the Budget Committee accept the proposed 2019-2020 budget and recommend the 2019-2020 proposed budget to the SBFID Board of Directors with the Water Fee set to \$26.88 per hour, and the Member Fee set to \$42.90 per acre per month.

Motion was made by Kay Lorenzen and seconded by Victor Armendariz. The motion passed unanimously.

4. ADJOURNMENT: 8:00 PM

Posted this 20 day of June , 2019.

By: Peggy Schwend Peggy Schwend