

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Meeting

Thursday, April 19, 2018 at 6:00 p.m.

PSWID Administrative Office

6306 W Hardscrabble Rd.

Pine, AZ 85544

1. CALL TO ORDER

Bob Arbuthnot called the meeting to order at 6:00 p.m.

2. PLEDGE OF ALLEGIANCE

Led by Bob Arbuthnot

3. ROLL CALL OF BOARD MEMBERS

Conducted by Bob Arbuthnot: Board members present: Bob Arbuthnot, Forrest McCoy, Sharon Hillman, Alan Kleinman, Maher Hazine, and Larry Bagshaw. A quorum was present.

4. CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETINGS:

March 15, 2018: Sharon Hillman moved that the minutes be approved. Alan Kleinman seconded the motion. The motion was approved unanimously.

5. REPORTS TO THE BOARD

A. Chairman's report– Bob Arbuthnot worked with Mr. Doug Reid to setup and conduct the work study session on April 17. During the session, the board came up with vision and mission statements for the district. For further details see the April 17 minutes. He also attended an HR advisory group meeting with Sharon Hillman and a vendor regarding insurance coverage for the employees. He visited the Strawberry View 1 site to view the work on a line break. He also attended the 4/11 WIFA coordination meeting.

B. Treasurer's report – As posted to the website.

C. Secretary's report –None

- 6.** District Manager's Report –Cato Esquivel reported that the Strawberry Hollow 3 well pump and motor were installed and tested, the tank was chlorinated and that the well was being sampled, but that it seems to be functioning adequately. The Ralls Magnolia PRV was tested and the pressure was set. Strawberry View I site was isolated from the water system, the tanks were emptied, and an outlet main was repaired. The K2 well had a booster pump burn out and it was replaced. The Milk Ranch 3 booster pump was replaced and a second booster pump will be replaced. The Rimwood Tank had a leak that damaged the main meter panel and also the generator electrical switch. The brass fittings were replaced where the leak was and the panel was repaired. The generator electrical switch will be replaced. Water samples were taken at the McKnight well and the Gordon well. The Portals 1 well will be tested. There were 25 water line breaks on Circle Drive from March 26 to April 18. There was a water main break at the Berkshire Hathaway Parking lot and a valve was replaced at Juniper Trail. Water production during March was a total of 7,125,919 gallons. Cato proposed that the field crews be increased to two full crews

working 4 10 hour shifts to alleviate overtime and burn-out. It will also allow the field staff to start preventative maintenance programs and start OSHA and operator training.

7. CONSENT AGENDA

- a. Support Services Committee: The committee's report will be discussed as agenda item 9II
- b. Water Enhancement Committee: Maher Hazine asked that this be pulled from the consent agenda and discussed. Forrest McCoy and Cato Esquivel visited the McKnight well to evaluate purchasing it from the McKnight's as they had expressed interest in the district buying the well. They concluded that it would be a reasonable purchase and should be appraised and have a financial analysis performed and then an offer made. They also looked at the Strawberry Creek Foothills Subdivision to see the condition of the valve boxes, service lines, and tank. If the district does own the tank site, then the lines should be pressure and leak tested to see if the system was usable. (The district manager found out after this board meeting that the district did indeed own the property with the tank and will pursue the necessary steps to get the title in the district's name.) There are two pending service requests for this subdivision. The district is still awaiting follow-up information on the Ponderosa Water Company and Pine Creek Canyon Water District. Maher Hazine moved that this report be accepted. Larry Bagshaw seconded the motion. The motion carried unanimously.

8. CALL TO THE PUBLIC

- a. Sam Schwalm commented that considering the drought conditions this year, the district ought to consider water usage restrictions for this summer and alert residents to the possibility. The board thought that it was too early to do so and that by doing so, we would possibly raise alarms about the system. The district manager will check the files in the district to see if he could locate the prior stage information and emergency action plans.

9. OLD BUSINESS

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE STATUS, PRIORITIZATION, AND FUNDING OF CAPITAL PROJECTS.** Presented by Paul Hendricks, EUSI. Paul had a report prepared that updated the progress on items. The 60% Preliminary Engineering report has been provided to the district and the staff reviewed it and submitted comments to EPS. The Water/Energy Nexus Grant of \$75,000 is still being held up by NEEPA. The district engineering firm, EPS, is designing the phase 2.1 projects for water lines and the work should be done in early May. Three of the lines projects will be put on hold due to the lines being in back yards and having limited access. These are the two County Road lines and the Whispering Pines line. The Pine Creek and Hardscrabble line replacements are being designed. The work on the Strawberry View I tank replacement has started and the old tank is being removed so the new cement foundation can be poured after the site is dewatered. The Circle Drive water line replacement has been installed and is being tested. It is being recommended that the same contractor be used for the Strawberry Ranch 2 water line replacement which is in the next group

of replacement projects along with the Strawberry Knolls 2 line. The Ralls Magnolia project is finished. The Milk Ranch I well evaluation still needs a method and means to purge the water. It was suggested to use a bladder to store the water for fire usage instead of hauling the water to the Payson or Globe Sanitary District treatment plants. The Strawberry Hollow 3 well has the new pump and motor and is back in operation. It is being recommended that the tank projects be moved up in priority. This is the Canyon 1 and 2 tanks and the Portals 2 tank. They either need to be replaced or rehabilitated. Also 3 VFD booster pumps should be installed. A WIFA sign has been placed at the district office and permits are being sought from ADOT to place the signs in Pine and Strawberry by the highway.

- II. **UPDATE ON THE WEBSITE REDESIGN AND WIFA PAGE LINK.** Sharon Hillman. The WIFA link is up on the PSWID website. The website redesign is 60% complete and the new website should be up by May 3. Sharon needs to meet with the designer to determine what needs to be imported from the old site.

- III. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING AN EMPLOYEE HEALTH INSURANCE BENEFIT PROGRAM WITH THE RURAL ARIZONA TRUST HEALTH.** Sharon Hillman. Sharon was able to identify another insurance provider that was cheaper than the BCBS coverage we currently have. The BCBS rates are going to increase 23-31%. The Rural Arizona Group Trust Health has more participants and the district is eligible to participate in it. The Trust has never had an increase in premium of more than 3% since 2002. The coverage would start July 1, so we would need to continue with BCBS through June. After some discussion, it was determined that the district would insure the district employees at 100% of the cost and 50% of dependent cost. The RAGTH plan would have as \$2800 deductible and include life insurance for the employees. Sharon moved that the district renew the BCBS plan for June only and then move to the RAGTH plan with the \$2800 deductible on July 1 with the employees being covered at 100% of the costs and dependents being covered at 50% of the cost. Larry Bagshaw seconded the motion. The motion carried unanimously.

- IV. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING AN EMPLOYEE PENSION PLAN.** Sharon Hillman. Sharon was able to find a pension plan that had less administration costs than the 457 plan approved in 2015. There would be a \$20 per year per participant cost for the first year, and \$10 per year after that. It is a Simple IRA plan that the employer can match from 1-3% at least 2 out of 5 years. After some discussion, the board agreed to match employee contributions of up to 3% with 3%, and start the plan July 1. Larry Bagshaw moved that the board approve the Simple IRA plan with a 3% match starting July 1. Sharon Hillman seconded the motion. The motion carried unanimously.

- V. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE 2018/2019 BUDGET.** Sharon Hillman. Sharon proposed a budget. Revisions included increasing the debt repayment amount and the potential grants amount. The tax rates and water usage rates should

remain the same. Cato Esquivel requested that the board consider having construction water fees and connection fees added to the fee schedule. Sharon will check the dates for the budget hearings and publication dates and will have changes made for the May meeting.

- VI. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING PINE CREEK CANYON WATER DISTRICT'S REQUEST FOR A WATER SHARE AGREEMENT SO THE DISTRICT CAN PURCHASE PCCWD'S EXCESS WATER.** Bob Arbuthnot. Forrest McCoy moved that this be tabled since no proposal has been received. Larry Bagshaw seconded the motion. The motion carried unanimously.
- VII. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING PONDEROSA WATER COMPANY'S REQUEST FOR INCLUSION INTO PSWID.** Tom Weeks. Forrest McCoy moved that this be tabled since no proposal has been received. Larry Bagshaw seconded the motion. The motion carried unanimously.

10. NEW BUSINESS

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING EMPLOYEE HANDBOOK CHANGES.** Sharon Hillman. The handbook needs several updates with the district being self-performing. Some of those changes were presented at the meeting. Section 2.1.1 should have the probationary period for full time employees changed from six months to 90 days. Section 5.7 Complaint Procedure needs to have the reporting address changed from Rus Brock, Chair HR Committee and his email and phone number to Human Resources Advisory Group, members District Manager, Chair, Treasurer and a member with the phone number for the district office. Section 6.1 needs to be changed from "eligible employees may elect to begin health insurance benefits immediately" to "eligible employees may elect to begin health insurance coverage the first day of the month following 30 days of employment". Also to be added "the district will pay 100% of the employee's health and basic life insurance coverage and 50% of the family health insurance coverage". The same section needs to have "We encourage both you and your family to review the plan's Summary Plan Description (SDP) materials carefully." to "We encourage both you and your family to review the New Member Insurance Enrollment Package carefully." Section 6.2 needs to have "eligible employees may elect to begin life insurance benefits after 3 months of continuous service" to "eligible employees may elect to begin life insurance coverage the first day of the month following 30 days of employment". Forrest McCoy moved that the employee handbook be changed to the above revisions. Larry Bagshaw seconded the motion. The motion carried unanimously.
- II. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING HIRING THE LAW FIRM RECOMMENDED BY THE SUPPORT SERVICES COMMITTEE.**

Forrest McCoy. The Support Services Committee received three qualified responses and is recommending hiring Snow Law to represent the district. This is the firm that our current attorney recommended and the hourly rate has been negotiated to \$225 per hour, which is what we are currently paying. The law firm will absorb any travel expenses. The contract was suggested to be an annual contract. Forrest McCoy moved that Snow Law be contracted to be our attorney. Maher Hazine seconded the motion. The motion carried unanimously.

III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING RENEWING THE CONTRACT WITH HINTON BURDICK FOR AUDIT SERVICES FOR THE 2017-2018 FISCAL YEAR.

Forrest McCoy. The Support Services Committee also discussed the performance of Hinton/Burdick for last year's audit and was pleased with the audit and report. For the next audit, Hinton/Burdick is requesting a \$700 increase in the audit fee due to the WIFA loan and the district being self-performing. The total cost will be \$18,200. The committee is recommending Hinton/Burdick for the fiscal year 2017/2018. Forrest McCoy moved that the district again hire Hinton/Burdick to conduct the audit at a cost of \$18,200. Maher Hazine seconded the motion. The motion carried unanimously.

IV. DISCUSS AND TAKE POSSIBLE ACTION AUTHORIZING THE DISTRICT MANAGER TO EXPEND UP TO \$40,000 FOR AN AERIAL MAPPING TO ENABLE A POSSIBLE 30% SAVINGS ON THE ENGINEERING TASKS FOR THE WIFA PROJECTS.

Bob Arbuthnot, Paul Hendricks. An aerial map of the district would cut the engineering costs of the WIFA projects by approximately 30%. Three proposals have been received. The cost of the airplane time will range from \$33,000 to \$36,000 and the rest of the cost will be GIS Technician fees. Maher Hazine moved that the district approve this expenditure from the WIFA funds. Larry Bagshaw seconded the motion. The motion carried unanimously.

V. DISCUSS AND POSSIBLY ESTABLISH A POLICY THAT AUTHORIZES 10% CONTINGENCY EXPENSE AUTHORIZATION FOR WORK EXECUTION AND A 20% CONTINGENCY EXPENSE AUTHORIZATION FOR ENGINEERING TASKS FOR THE DISTRICT MANAGER TO EXPEDITE PROJECT WORK. ANY EXPENSES AUTHORIZED UNDER THIS POLICY MUST BE REPORTED TO THE BOARD.

Cato Esquivel/Paul Hendricks. This would allow the district manager to approve engineering costs and work costs that exceed the allotted expenses so that the work can continue without stoppages for approval of excess expenditures. Maher Hazine moved that this be approved. Larry Bagshaw seconded the motion. The motion carried unanimously.

10. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTORS MEETING ON MAY 17, 2018.

1. WIFA update
2. Website update
3. Sigeti/Greer update
4. Possible lawsuit against CH2
5. Budget hearing/publication dates
6. New fee schedule
7. Appointment of special assistant to the board
8. Call for election
9. Possibility of reducing the board to 5 members

11. MOTION TO ADJOURN. Forrest McCoy moved the meeting be adjourned. Larry Bagshaw seconded the motion. The motion carried unanimously.