

BOARD OF DIRECTORS
PINE/STRAWBERRY WATER IMPROVEMENT DISTRICT
P.O. Box 134 - Pine, Arizona 85544-0134

MINUTES

Regular Board Meeting, Thursday, February 28, 2013

1) CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at 6:00PM by Ray Pugel – Chairman

2) PLEDGE OF ALLEGIANCE

Gary led the Pledge of Allegiance.

3) ROLL CALL

Board Members Present:

Gary Lovetro
Ron Calderon
Sam Schwalm

Tom Weeks
Mike Claxton
Richard Dickinson

Ray Pugel

There was a Quorum – 7 Board Members present.

Also Present:

Brad Cole – CH2MHill District Manager
John Nelson – Asst. Gila County Manager

4) APPROVAL OF MINUTES

a. Regular Meeting January 17, 2013

Motion to approve Regular Meeting minutes – Ron Calderon

Second – Gary Lovetro

Vote – 7 to 0 Minutes approved.

5) FINANCIAL REPORT

Ron Calderon presented the financial report for the period ending January 31, 2013. The District cash flow in was \$336,576.39. Total cash out for the period equaled \$214,463.81. This resulted in a net cash flow of \$122,112.58 for the period.

Total cash in Y-T-D This Fiscal Year is \$1,632,107.38. Cash out this Fiscal Year Y-T-D is \$1,474,210.19. Net cash flow Y-T-D is \$157,897.19.

Total Bank Balance(s) as of January 31, 2013 in the Restricted Account was \$596,627.46. The Non-Restricted Account was \$387,029.23 resulting in Total Bank Balance of \$983,656.69. The entire financial report will be posted on the District web site.

6) DISTRICT MANAGER UPDATE

Brad Cole updated the Board and attendees on the progress of District Capital Projects as of February 28, 2013.

Meter Replacement Program

This program is currently on hold while the District attempts to secure temporary labor. There were issues with the temporary labor service out of Payson, and the District was forced to find another source for temps. Thus far 212 meters have been replaced with 1400 remaining. There is a proposal on the agenda tonight for CH2MHill to provide the temporary labor for the project. If approved the project work will resume March 4. Additional help may be required to complete the project by the projected deadline of June 30th the end of this FY.

Whispering Pines Project (SR87 Water Main Extension)

All documents have been submitted however we're still awaiting ADOT approval to move forward.

Milk Ranch Well #1

The evaluation of refurbishing and moving a second tank currently owned by the District from Mohawk Drive to the MRW site looks like it will be feasible and less expensive. The tank has a capacity of 43,000 gallons, and will fit at the well site. The District is awaiting a second bid before making a final decision. The analysis should be completed within the next 2 weeks.

Given that the filter at the MRW site will accommodate all 3 wells it has been determined that installation of the filter will require a "significant" amount of re-piping to allow for testing filters as well as final installation including the second tank.

Milk Ranch Well #2

Installation of a float switch that turns off power should Pine Creek overflow will be required for MRW #2 and likely for MRW#3 as well. This will require a larger motor starter with an additional cost of about \$2,900. Once the float switch and larger motor starter are installed the well will be chlorinated, cleared, and tested including pressure testing the line from MRW #1. Then final approval from ADEQ will be obtained. Estimated time for completion is 30 to 45 days.

Milk Ranch Well #3

After drilling the 8 inch casing to 300 feet an obstruction was encountered that required some re-drilling. The 8 inch casing will be completed to a depth of 400 feet then 6 inch casing will be installed to a depth of 800 feet. At that time electrical will be installed, the pump and motor installed, testing, the security fence will be installed, and final approval will be sought from ADEQ.

Operations

Brad reported that the recent winter weather has caused challenges related to freezing pipes and meters, and broken water lines. Circle Drive area in Strawberry has been especially challenging recently.

He also reported that ADEQ has recently been on site to conduct a sanitary survey. Results of the survey indicated that it went very well with some minor corrections anticipated.

Brad additionally mentioned that a breaker tripped at MRW #1, and work is underway to evaluate any damage or malfunction of the pump and motor.

A discussion by Board Members related to safety precautions taken at repair sites to protect the public followed. Brad indicated that the District had taken appropriate precautions especially at the Circle Drive site and had even closed the road for 3 weeks during repairs.

7) BOARD MEMBER REPORTS

Sam Schwalm asked questions related to the District "records retention plan." Becky assured him the District was aware of state requirements and we were in compliance.

Tom Weeks inquired if the District has steel plates available to cover areas under repair exposed to traffic. Brad indicated "traffic plates" could be used however he recommended the District evaluate the acquisition of a dump truck to facilitate transporting and placing such plates. A brief discussion of the Board related to acquisition of a dump truck followed.

Richard reported on OML training classes available for special district governing board members. Classes are scheduled for Payson on March 5 and 6th, and in Globe on March 19 and 20th. It's very important that newly elected board members attend one of the training classes. Attendees should RSVP to Liz Mata at 928-402-8709 NLT March 3rd.

Ray Pugel reported that Ron Christensen, our former District Supervisor, passed away December 4, 2012. Ray recognized Mr. Christensen for his work, influence, and foresight in the establishment of the water District, drilling the initial bore sight, and essentially being responsible for where the District "is today." We certainly owe Ron Christensen a debt of gratitude.

Ray reported that based on the public outcry related to credit card expenditures reported at a previous meeting, he had requested that Becky obtain copies of all credit card receipts in question for review. He indicated that he and Richard met and reviewed all copies obtained from Home Depot. (The Rock Yard and HD Supply went out of business so copies were unavailable). All charges were reviewed and we found no outstanding or unreimbursed receipts. He indicated that copies of receipts were available to any member of the public for their review given they submit an appropriate "public information request" form.

Ray also informed attendees that the Board will be publishing a monthly article in the newspaper to provide "transparency" and keep the public updated on PSWID business and activity. He provided copies of the most recent article for meeting attendees.

8) OLD BUSINESS

- a. Discuss and take possible action related to ratification of the Board's approval of \$32,000 for a filtration system to be added at the Milk Ranch Well site.

Ray explained the reason for this agenda item. At the last Board meeting a motion including language related to a filtration system was made and passed however it was not included as an agenda item. Therefore ratification of the motion was required.

Motion – that we approve item 8a related to ratification of \$32,000 for a filtration system to be added at the Milk Ranch Well site. – Ron

Second – Gary

Board discussion followed. It was brought up that before being purchased the filter system would be rented and tested.

Amended motion – that we approve item 8a related to ratification of \$32,000 for a filtration system including \$500/week rental fee for several weeks to be added at the Milk Ranch Well site. – Ron

Second – Gary

Vote 7 – 0 Motion passed unanimously.

- b. Discuss and take possible action related to modification of ARS 38-501, *et seq.* pertaining to expenditure limits of \$1,000 per year for purchases by a political subdivision when there is limited access to resources.

Tom Weeks abstained from this discussion and vote.

Ray explained the reason for this agenda item. There are concerns related to further limitation of resources as well as business owner's running for public office. After consulting with the School Board, it was determined the School Board operates under a completely different set of guidelines. In order to change this "guideline" for the PSWID, it would require changing the language of the law by the state legislature. Ray indicated that because the state legislature was not considering any new bills at this time, it would be as much as a year before initial action could be taken.

No action to be taken by the Board at this time.

9) **NEW BUSINESS**

- a. Discuss and take possible action related to scheduling a Rules and Regulations workshop.

Ray pointed out that due to several recommended changes to the District Rules and Regulations document, the Board should consider a workshop to amend them.

After Board discussion it was agreed to schedule a Rules and Regulations workshop for April 4, 2013 at 5:00PM allowing the PSWID attorney Dan Torrens time to review before the meeting.

- b. Discuss and take possible action related to scheduling a "town-hall meeting" hosted by Tommy Martin, Gila County Board Supervisor.

Ray indicated that it was little known that Tommy Martin is a professional public facilitator. As such Ray felt it might be worthwhile to have Tommy Martin facilitate a town-hall to help get public input related to actions and goals of their public water system.

Motion – to schedule a "town-hall" (PSWID Special Meeting) hosted by Tommy Martin on Saturday, March 23, 2013 from 10:00AM to 2:00PM at the Community Center in Pine – Tom

Second – Richard

Vote 7 – 0 Motion passed.

Ray recommended the District provide a simple lunch for attendees.

- c. Discuss and take possible action related to the offer from John Nelson, Asst. Gila County Manager, to consult with the District on FY 2013-14 Budget.

Ray introduced John Nelson and highlighted John's experience in County and Municipal government. John was Deputy County Manager, Finance Director, Interim County Manager, and John has an extensive knowledge of and experience in government finance. Ray indicated that John has offered to consult "pro bono" with the District on this FY Budgeting process.

Motion – to approve John Nelson assist Becky and the District Treasurer in preparing the PSWID FY 2013-14 Proposed Budget for the March meeting – Gary

Second – Tom

Vote 7 – 0 Motion approved.

- d. Discuss and take possible action related to having a PSWID Budget Committee.

Sam initiated the Board discussion. He indicated he realized time would be short for this FY, but that he would be in favor of a way to allow more public input into the budgeting process.

Richard offered his thoughts related to past attempts by the Board to have committees and the pitfalls encountered such as violation of OML and the public's limited knowledge and understanding of PSWID financial issues.

Gary offered additional history. He related that under past Budget process methods, the District Manager and Treasurer would bring in one or two Board members to review and help develop the proposed Budget. Then the Proposed Budget would be presented to the public at the Budget hearing. In 2011 the State Attorney General responding to a complaint cautioned the Board that this method constituted a "serial meeting" of the Board and violated OML. Subsequent to the Attorney General's opinion, the PSWID attorney consulted with the Attorney General. It was agreed that going forward, the District Budgets would be formulated by the District Office and PSWID Treasurer and then presented to the PSWID Board in an open meeting.

After further discussion NO ACTION was taken by the Board.

- e. Discuss and take possible action related to field staffing for the meter replacement program.

Ray initiated the Board discussion. He explained that due to failure of previous temporary staffing companies and the increasing cost due to proposed new regulations governing meter installation, an agreement was reached with CH2MHill to provide staffing to assist PSWID in its meter replacement program. The "Out-of-Scope Letter Agreement" is an "at will" agreement so the District may discontinue work and costs at any time.

District Board discussion followed related to terms of the agreement.

Motion – to accept the terms of agreement and approve the "Out of Scope Letter Agreement" with CH2MHill to provide field staff to assist the District with the Meter Replacement Program – Ron

Second – Gary

Vote 7 – 0 Motion approved.

- f. Discuss and take possible action related to a presentation by Sam Schwalm reviewing his attendance at the recent "RWIC" meeting.

Sam Schwalm provided the Board and attendees a slide presentation related to his attendance at a Rural Water Infrastructure Committee (RWIC) meeting. He discussed opportunities for financial and project assistance for rural water districts through RWIC agencies such as ADEQ, RCAC, RWAA, and WIFA.

Of interest was the "free" System Evaluation provided by ADEQ performed by a third-party contractor. A summary report provided to the District could potentially identify areas of common interest that might allow for grant requests submitted to ADEQ for financial or project support.

Motion – to have PSWID arrange to have an ADEQ Technical Assistance Evaluation performed. – Sam

Second – Ray

A Board Member discussion followed. It was recommended that we gather additional information related to the ADEQ program before making a decision to participate. Participation may provide access to and qualification for ADEQ sponsored grants. Ray questioned if the District needs a designated or trained "grant writer?"

Amended motion - to arrange for additional information related to the ADEQ Technical Assistance Evaluation be provided to the Board – Sam

Second – Ray

Vote 7 – 0 Motion passed.

10) CALL TO PUBLIC FOR NON-AGENDA ITEMS (3 minutes per speaker)

Gary Scott

Mr. Scott addressed the Board with questions related to \$1400 cost of a water meter.

Robert McNabb

Mr. McNabb addressed the Board questioning if he could move a water meter from one of his properties to another.

Brad Cole suggested both men contact him.

11) CALL TO ADJOURN

Motion to adjourn – Richard

Second – Tom

Vote 7 – 0 Meeting adjourned at 7:25PM

Reports Available directly from PSWID by request for January 17, 2013

1. *File # PSWID – Financial Report - PSWID– 02/28/2013*
2. *File # PSWID – District Manager Update – Brad Cole – 02/28/2013*
3. *File # PSWID – Out of Scope Letter Agreement – PSWID – 02/28/2013*
4. *File # PSWID – RWIC Meeting Review – Sam Schwalm – 02/28/2013*

