

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**BOARD OF DIRECTORS MEETING**

**Thursday, March 19, 2015 at 6:00 pm**

**PSWID Administrative Office**

**6306 W. Hardscrabble Road**

**Pine, AZ 85544**

**I. CALL TO ORDER**

Tom Weeks called the meeting to order at 5:58 p.m.

**II. PLEDGE OF ALLEGIANCE**

Led by Tom Weeks

**III. ROLL CALL OF BOARD MEMBERS**

Conducted by Tom Weeks. Board members present: Tom Weeks, Rus Brock, Trent McNeeley, Richard James, Maher Hazine, Paul Randall and Larry Bagshaw. A quorum was present.

**IV. APPROVAL OF MINUTES**

February 19, 2015 Meeting Minutes: Rus Brock moved that the minutes be approved. Maher Hazine seconded the motion. The motion passed unanimously.

**V. SPECIAL RECOGNITION AWARD**

Presented by Gary Young, CH2M Hill. A certificate and Leatherman was presented to an employee, Jay Wilkins, for having the project manager call 911 and his waking Sam Scott to notify him that his barn and shed were on fire and that it was spreading to his house.

**VI. TREASURER'S REPORT**

Presented by Rus Brock. Rus gave us the financial information through the end of February. He gave the board members a summary which included the cash position, the budget vs actual expenditures, and capital projects. He also gave a comparison of the chemicals, fuels, and repairs cost history which showed that the costs have escalated roughly 50% per year for the last three years.

**VII. BOARD MEMBERS REPORTS**

- A. Support Services Committee Report: Rus Brock reported that the committee met and was able to construct an RFQ for an auditor. The details were discussed under agenda item XI C.
- B. Water Enhancement Committee Report: Maher Hazine said the committee met on March 12. It discussed the purchase of the Ponderosa Water Company from Albert Hunt and decided that more information was needed before making any decision. The

committee also discussed an offer from Mr. Bill Kachel. He is offering his dry well in Strawberry to the District on a 99-year lease and free water. The committee decided not to act on the offer since the well is dry and would require deepening. The district's current focus is on repairing infrastructure and not acquiring new water sources. The third offer was from Mark Fumusa regarding the district sharing the costs of drilling a deep well in Solitude Trails and also a water storage tank. The discussion turned toward improving the reliability of delivery to the subdivision through either replacing or upgrading the current lines. Tom Weeks recommended that Mr. Fumusa meet with CH2M Hill to check on the water processes and that the current water sharing agreement be redone. Tom asked Maher to put something together regarding replacing the line, perhaps getting Verde Engineering for an estimate of the costs.

- C. Customer Service Committee Report: Richard James said that the water meter reading problems are continuing. He rode along with a meter reader to see what the actual task involved. He recommended making the process easier with improved meter reading tools or electronic transmissions from the meters. We are issuing too many refunds for meter reading errors. In general, the monthly number of customer service orders is down. Maher Hazine asked about moving meters to make the process easier or transmitters which would be a major expense. Ultimately the project manager needs to take care of the meter reading errors.

**VIII. CH2M HILL MONTHLY REPORTS** Presented by Matt Kear who is temporarily filling in the project manager position until a replacement can be found for Brad Cole. We will also have the assistance and expertise of the Prescott Valley staff.

- A. Repair Order Status: Customer orders totaled 120 for 137 work hours. Maintenance orders totaled 178 for 591 hours.
- B. Well and Tank Report: 6,024,647 gallons of water was produced in February. No gallons were sent to Strawberry. 59.8% of the water was produced from district wells, with the rest from water sharing agreements.
- C. Vehicle Report: Only mileage was given. No costs were reported due to resignation of the project manager.
- D. Well Test Report: No report was presented.
- E. Future Projects Report: No report was presented.

A brief pictorial report was given about tank site clean-up.

**IX. CUSTOMER CORRESPONDENCE**

None was received.

**X. CALL TO THE PUBLIC**

There were no public comments.

**XI. REGULAR AGENDA ITEMS**

- A. Information/Discussion/Action regarding approval of the costs for Verde Engineering to design the Tank Farm site plan. Approval of a budget for the Tank Farm tank replacements. PSWID is already paying for the design costs, but has not approved total costs nor added the total cost to the budget. Requested by Beckie Sigeti. Dan Fitzpatrick from Verde Engineering reported that there is a new reviewer at ADEQ. Verde Engineering met with them and explained the situations within the district. Revised plans were submitted to ADEQ.

Beckie Sigeti commented that she did have an engineering design budget for the Tank Farm, but still needed a budget/pricing for the Strawberry View tank replacement project. She only had a budget for the survey, which has been completed. Evidently no progress has been made in meeting with the property owner to obtain more easement so we can install 2 polyvinyl tanks instead of one steel tank.

- B. Information/Discussion/Action regarding refinancing the loan. Presented by Beckie Sigeti. Due to a clause in the current loan agreement with BBVA Compass, no other banks can be approached until July 2017. She presented options of leaving the loan as is, refinancing it with Compass now, and waiting until July 2017 to refinance it. Compass is willing to release \$248K right now and reduce the debt reserve to \$250K. There will be a \$292K make whole fee to refinance the loan. Maher Hazine suggested that we get a legal opinion from our attorney regarding the no other bank clause. If the clause is legal, he recommends we go back to Compass and ask them to either waive the make whole fee or reduce it by 50%. The board generally agreed. The board expressed their concern about just moving the loan due date forward and not getting it paid off. They suggested coming up with a plan to retire the loan. Maher Hazine made a motion that we get a legal opinion from our attorney about the validity of the no other bank clause. Richard James seconded. It was approved. Maher Hazine made a motion that the board finalize the discussion with Compass Bank requesting that the \$292K make whole fee be waived or cut in half. Larry Bagshaw seconded. The motion was approved.
- C. Information/Discussion/Action regarding the RFQ requesting qualifications for the District auditor. Presented by Rus Brock. Larry Bagshaw moved that the board approve the RFQ for an auditor, to have it posted and responded to by April 30, 2015. Trent McNeeley seconded. It was approved. Rus Brock moved that the RFQ be published in the newspaper. Maher Hazine seconded. It was approved.
- D. Information/Discussion/Action regarding shortening the board month end packages supplied by Beckie Sigeti. Requested by Rus Brock. Beckie can cut the package down to a 3 page summary and make the analysis available digitally. Perhaps she can provide all the data in the year end package. The board agreed that they would like the package to be only three pages with the rest being available digitally.

- E. Information/Discussion/Action regarding conflict of interest forms for board members who are business owners to sign. Presented by Beckie Sigeti. Beckie has the forms ready and is requesting that all the board members fill out and return them to her, regardless of whether they own a business or not.
- F. Information/Discussion/Action regarding additional information about vehicle inspection and repairs. Requested by Maher Hazine. Maher requested that this item be postponed until April.
- G. Information/Discussion/Action regarding an update on CH2M Hill staffing and personnel and lack of progress on specific board member complaints. Requested by Maher Hazine and Richard James. Gary Young reported that the supervisor position has been posted, both within CH2M Hill and through their employment agency. He has received about 6 responses to date. We will have Matt Kear until June, pending the responses to the posting. Other personnel are being considered.
- H. Information/Discussion/Action regarding progress on the contract negotiations with CH2M Hill. Presented by Rus Brock. Maher Hazine, Rus Brock, and Paul Randall have met with CH2M Hill three times since the last board meeting. They are making progress in delineating the responsibilities of CH2M Hill and PSWID. They are still looking at moving the customer service and accounting to PSWID. They are still discussing rebatables and vehicles. They are having cordial, frank discussions. Their current goal is to reach an agreement by the end of April. They will have a review version of the new contract available for the board and the attorney soon.
- I. Information/Discussion/Action regarding the progress of Rus Brock and Beckie Sigeti in preparing the 2015/2016 budget. The budget is pending finishing the new contract with CH2M Hill. Rus will have more on the budget for the April meeting.
- J. Information/Discussion/Action regarding items for the April agenda. Maher Hazine requested that postponed item F be added to April. He also said that we needed to discuss a plan of action for coming up with an RFQ for an engineering firm to design a WIFA grant for us. Beckie Sigeti said that the board needs to look at redoing the water share agreements which are due in July, and also a utility CPI which expires March 31. She also requested that the board look at two service fees that are not being charged. One is a \$40 water meter reread fee and the other is a \$125 after - hours service fee.

## **XII. ADJOURNMENT**

Maher Hazine moved to adjourn. Rus Brock seconded. The motion carried unanimously.