

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Board Meeting

Thursday, April 20, 2017 at 6:00 p.m.

PSWID Administrative Office

6306 W Hardscrabble Rd.

Pine, AZ 85544

1. CALL TO ORDER

Maher Hazine called the meeting to order at 6:00 p.m.

2. PLEDGE OF ALLEGIANCE

Led by Maher Hazine

3. ROLL CALL OF BOARD MEMBERS

Conducted by Maher Hazine: Board members present: Tom Weeks, Forrest McCoy, Sharon Hillman, Maher Hazine, Rus Brock and Larry Bagshaw. A quorum was present.

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

March 16, 2017: Forrest McCoy moved to approve the minutes. Tom Weeks seconded the motion. The motion carried with Sharon Hillman abstaining since she was not at the meeting.

5. REPORTS TO THE BOARD

- A.** Chairman's report– Maher reported that he and Sharon Hillman had signed the Management letter for the Annual Audit report and he also tried to contact Mr. Taylor of Heinfeld Meech regarding the report. Greg Smith, Rus Brock and he had met with CH2M to go over the annual review. He reviewed several change orders for the McClendon extension. He coordinated with Smart Systems related to network and system wide improvement needs. He also has weekly meetings with Greg Smith which will eventually become biweekly and monthly as time passes. He also reported that Paul Hendricks had met with WIFA about possible grants.
- B.** Treasurer's report – Sharon Hillman presented the March report which is posted to the website.
- C.** Secretary's report – Larry Bagshaw had not received any correspondence.
- D.** District Manager's Report – Greg Smith reported that he had signed the paperwork for the Eggert deannexation. The surplus vehicles will go to Sierra Auction in the Valley. He reviewed the accounts which should go to commercial status. He also has hired a temporary employee to cover the maternity leave for the office staff member.

6. CONSENT AGENDA

All items listed on the Consent Agenda are considered to be routine or have been previously reviewed by the PSWID Board, and will be enacted by one motion. There will be no separate discussion of these items unless a Board Member so requests; in which such event the item will be

removed from the General Order of Business, and considered separately immediately following the consent agenda.

- Support Services Committee – no activity to report
- Water Enhancement Committee – no activity to report
- Customer Service Issues Update – no activity to report
- Contract Field Manager’s Report – As posted on the PSWID website.

Tom Weeks requested that the Field Manager’s Report be pulled from the consent agenda. Tom requested more information on the Milk Ranch Wells. The final reports have not been received yet and more testing is required. Rus Brock mentioned that the CH2M report does not need the capital projects information as they are addressed in a separate agenda item

Tom Weeks moved that the Contract Field Manager’s Report be approved. Sharon Hillman seconded the motion. The motion carried unanimously.

7. CALL TO THE PUBLIC

There were no public comments.

Note: Item 9. II. Was moved to this position so the item could be discussed and the attendees could leave the meeting.

8. OLD BUSINESS

I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING DISTRICT MANAGER’S AUTHORITY.

Presented by Maher Hazine. Maher asked the board to sign a form that would give the district manager signing authority and a limit for that authority. Rus Brock stated that according to the procurement rules in the District’s Rules and Regulations that there were limits on the budgeted amount and that some of the items in the form would be taking away some of the treasurer’s duties and expertise. The post approval on the change orders also was presenting a problem. Sharon Hillman stated that the signing authority of the District Manager was supposed to be \$5,000, not \$10,000. Also the treasurer, not the District Manager should be the one who authorizes the cutting of checks. Board members requested the change to readdress this issue in May. Tom Weeks moved to table this item.

II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING ESTABLISHING POLICIES AND PROCEDURES FOR DEALING WITH CHANGE ORDERS OF CAPITAL IMPROVEMENT PROJECTS.

Presented by Maher Hazine. Maher requested that the District Manager be authorized to approve change orders on capital projects with a cap of up to 25% contingency of the approved cost of the project. Change orders will be submitted to the board for final approval. Rus Brock moved to table this item.

III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING STEPS FOR CHANGING EXISTING COMMERCIAL PROPERTIES FROM CURRENT RESIDENTIAL RATE TO COMMERCIAL RATE.

Presented by Greg Smith. The staff went over the customer list and came up with approximately 18 accounts that should be changed to commercial accounts. It will increase the yearly revenue by about \$7000. Rus Brock recommended that Greg send the customer list to the board members so they could also review it and give opinions as to whether the customer should be classified as commercial. The office staff will prepare a letter for the effected customers with a table of the

changed costs. There will be a public hearing at the May meeting about the change for those customers. The change will be put into effect July 1.

- IV. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING BUDGET ADOPTION PROCESS AND GOALS FOR FY2017/2018.** Presented by Sharon Hillman. Sharon will have the budget numbers for the May board meeting. There will be no change in either the meter rates or the tax rates. There will still need to be a public hearing about the budget adoption involving adopting no rate increases, adopting no tax increases, and adopting the budget by the end of June.
- V. **DISCUSS AND TAKE POSSIBLE ACTION RELATED TO STATUS, PRIORITIZATION AND FUNDING OF FUTURE CAPITAL PROJECTS.** Presented by Greg Smith. Most of the capital projects are completed or near completion. This includes the valve project, the Wye Strainers, and the McClendon water line replacement. The Magnolia – Ralls project requires approval by ADOT for an encroachment which is stalling it. The Strawberry View I project looks like it will not be able to be completed until October as the peak demand season is upon us. The chlorination project is done except for the Portals 2 tank which has easement problems and SV1 tanks which will be done at the time of the tank replacement. The Milk Ranch wells need to be tested to see how much they can pump without sedimentation problems. MR 1 is not usable, MR2 and 3 need ADEQ approval to pump to waste. The Strawberry Hollow 3 well needs to have a camera TV inspection.

9. NEW BUSINESS

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING McClendon WM EXTENSION CHANGE ORDERS.** Presented by Greg Smith and Danny Zamora. More pipeline was required than was budgeted. Some areas of the line replacement were deleted and others added due to easement and access problems. The adjusted cost of the project will be over \$168550 with another invoice coming. Some of the problems encountered were line sizes different than was mapped, line blowouts, ABS pipe failure, added valves, and lack of easement. Both Rus Brock and Sharon Hillman pointed out problems with the change orders. Some were signed by Maher Hazine, one by Greg (with no authority to sign yet). Some were over the \$25,000 limit. It was suggested that the change orders be revised to emergency change orders due to the extenuating circumstances of needing to be done immediately to alleviate water outages. Larry Bagshaw moved that the change orders be accepted as is and Tom Weeks seconded the motion. Sharon Hillman suggested that Maher Hazine sign all the change orders with the addition of an emergency clause on them. Tom withdrew his second to the motion. Forrest McCoy moved that the item be tabled until the next meeting.
- II. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING REQUEST BY PINE CREEK RESORT FOR RELIEF ON THEIR DISPUTED ACCOUNT BALANCE.** Requested by Maher Hazine and Greg Smith. Item presented by Ray Pugel. Ray was again requesting that the board forgive

approximately \$2000 of his account balance since his account had been billed incorrectly and he had been unable to identify that his valves were leaking. From May 2015 to June 2016, Mr. Pugel's PSWID usage was under reported by a factor of 100 (computer system error). No one was in the park at this time and the only water usage was for landscaping. The leaks were not evident due to the good drainage in the area and thus were not identified until the billing was corrected. He agrees that he should be billed for the water that flows through his meter. He says that the district is responsible for not notifying him of the excessive usage in a timely manner and thus should bear some of the responsibility for the costs that have caused a financial problem. Sharon Hillman moved to deny the request. Forrest McCoy seconded the motion. The motion carried unanimously.

- III. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING POSSIBLE UPGRADES TO THE DISTRICT'S SERVER AND OPERATING SYSTEMS.** Presented by Greg Smith. Tabled until the May meeting.
- IV. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING CHANGES TO EMPLOYEE'S HEALTH INSURANCE AND LIFE INSURANCE BENEFITS.** Presented by Greg Smith. The current policy expires June 1, 2017. The agent needs 30 days' notice to change the policies. BCBS is the most cost effective policy for the district. Greg recommends that the district stay with plan #2. The costs will be slightly reduced. Tom Weeks moved to approve the plan. Larry Bagshaw seconded the motion. The motion was approved unanimously.
- V. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING CREDIT CARD POLICY.** Presented by Sharon Hillman. The auditor general did not find any credit card policy in the district's files. Heinfeld Meech provided a suggested policy for the district. Sharon suggested that the district accept the policy they provided. Sharon moved to accept the credit card policy provided by Heinfeld Meech. Forrest McCoy seconded the motion. Rus Brock stated that the policy needs to be an official PSWID policy and that it needed an authorized user addition or removal user agreement. Sharon withdrew her motion and moved to table the item until May so the policy could be edited.
- VI. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING ANNUAL FINANCIAL STATEMENTS AND REPORT ON INTERNAL CONTROL AND ON COMPLIANCE.** Presented by Sharon Hillman. Sharon had distributed the Heinfeld Meech report to the board members. It also needs to be posted to the website. Larry Bagshaw will arrange for that. Sharon moved to accept the report. Larry seconded the motion. The motion carried unanimously.

VII. DISCUSS AND TAKE POSSIBLE ACTION REGARDING HOW ESTIMATED WATER USAGE IS CALCULATED AND WHEN ADJUSTMENTS MIGHT BE WARRANTED BASED ON PREVIOUS ESTIMATED BILLINGS. Presented by Rus Brock. This item was postponed until the next meeting.

VIII. DISCUSS AND TAKE POSSIBLE ACTION REGARDING SOLICITATION (RFQ) FOR FY2017/18 AUDITOR SERVICES. Presented by Rus Brock. The board was totally dissatisfied with the services provided by Heinfeld Meech and that the report presented history which was identified by the auditor general, and they felt like the firm had missed the boat in the previous audits. Maher Hazine suggested that Rus have the Support Services Committee look at doing an RFP instead of an RFQ. Sharon will look at the previous RFQ and make suggestions, as will Greg Smith. Rus will schedule a meeting with the committee.

10. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON May 18, 2017

- a. EUSI Task 1 report review. This needs an executive session which will be scheduled as soon as possible.
- b. Report on Milk Ranch wells.

11. MOTION TO ADJOURN. Tom Weeks moved that the meeting be adjourned. Sharon Hillman seconded the motion. The motion carried unanimously.