

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

BOARD OF DIRECTORS MEETING

**Thursday, May 1, 2014 at 6:00 pm
PSWID Administrative Offices
6306 W. Hardscabble Road
Pine, AZ 85544**

On Tuesday November 26, 2013, the Gila County Board of Supervisors adopted Resolution 13-11-07; accepting the resignations of five (5) Pine-Strawberry Water Improvement District (PSWID) Board Members; revoking the authority of the PSWID; naming the Gila County Board of Supervisors as the Board of Directors for the PSWID; and, reserving the authority to call for new elections for the PSWID.

I. CALL TO ORDER BY THE CHAIR

Chairman Pastor called the meeting to order at 6:03 pm.

II. ROLL CALL OF DIRECTORS

Conducted by Cheryl Sluyter. Board members present: Chairman Mike Pastor, Vice Chair Tommie Martin and Member John Marcanti via ITV in Globe.

III. PLEDGE OF ALLEGIANCE

Led by Sam Schalm.

IV. APPROVAL OF MINUTES

Vice Chair Martin made the motion to approve March 20, 2014 meeting minutes and Member Marcanti seconded. Motion approved unanimously.

V. REGULAR AGENDA ITEMS:

A. Information/Discussion regarding the report on 2014 operations & capital projects from Brad Cole, CH2M HILL and Rebecca Sigeti, District Staff.

Presentation: Update on Water Master Plan

Brad Cole reviewed the tasks:

Task 1 is complete which is the initial planning framework.

Task 2 is complete which is the water demand analysis.

Task 3 is a water resource planning portfolio and review. Completed a water quality review that is based on historical sampling records and future expected regulation changes for enhancements to water quality testing.

Supply and demand balance is near completion, the demand part is done, and supply side is still being worked on.

Task 4 is the evaluation of the water system. The hydraulic model for the Water Master Plan is nearly complete.

Task 5 is the report. The report is expected to be done within the May/June timeframe. The final report is expected to be delivered in late June.

Task 6 is an ongoing project management task that is assigned by the engineering team.

Brad explained the models displayed in the presentation.

- Richard James asked how the numbers are calculated during a winter storm when pipes freeze and burst and abnormal amounts of water are used. Brad responded that each resident usually uses the same amount of water and any outliers are excluded.

Presentation: Status of Operations Fiscal Year Ending 6/30/2014

The first slides discussed the status of ongoing projects:

1. The 300K Tank refurbishment. All the interior repairs are completed. All the exterior weldings are completed. The interior coating is completed. There is a 7' x 20' spot that needs to be redone. Water will be put into the tank by the end of next week.
 2. Milk Ranch Well No. 3 Development. 30-day pump test is done. Water quality tests meet the drinking water standards. Completed an aquifer recovery test. Recommendations will be made on the final pump and motor but at this time the recommendations are still outstanding.
 3. Approval of construction needs to be filed with ADEQ and a final pump report needs to be submitted with ADWR. The ADEQ approval will be posted online probably in 30-45 days.
 4. Still outstanding is the turbidity controls for MRW 1 and 2. Key logic or operating parameters have been developed. Next step is to price and bid for materials and eventually install.
 5. Brookview Terrace Well's pump and motor have been out for a long time. The facility needs electrical upgrades and it needs to be replaced. The estimated cost will be between \$17K-\$20K.
 6. Fara Drive Booster upgrade is near completion. The electrician is doing the final connections. An agreement was made to fix a resident's drainage system since water tends to runs into the property, in exchange for an easement for a propane tank from the generator. This project still needs to be completed.
-
- Tom Weeks asked about an update for the Strawberry Hollow Well. Brad said the Well passed six consecutive non-detects for bacteria and they are waiting on delivery for chlorine equipment.
 - Ric Hawthorne asked about the period for the interior coating and if there is an issue in using a proxy based product. Brad said the period is 48 to 72 hours and the DOCs is supposed to be zero off gas from that. Ric also asked about complaints from over sprayed paint getting on the cars. Brad said they haven't painted yet and it is probably dust from the sand and he hasn't received any complaints regarding paint. Cars and motor homes will be covered in plastic when they do paint.

- Richard James asked if there are approximate dates for the rest of the projects. Brad said his goal is to have them all complete by June 30 and it also depends if he needs authorization from the board to bid for the parts for turbidity controls. Richard James asked if the property owner has come forward with an agreement for the drainage problem at the Brookview Terrace Well. Brad said they have received proposals with a request that PSWID would share 1/5 of the cost to improve the drainage, the estimate cost is \$1K and Brad supports it.
- Pam Mason asked about the turbidity controls. Brad said they can set the controls but they haven't decided on that yet but he's willing to discuss it further with the board.

Rebecca delivered a Power Point presentation on Finances.

The presentation is based on actuals through March 31, 2014, estimated the last three months. The bonds were taken out. Rebecca read the amounts listed in the slides. There was a typo on page 5, in the amount of \$12,745 and it should be \$97,745.

- A question was asked regarding the meter replacement and how much money will be received for recycling the meters. Rebecca replied with an amount of \$18,256 and it is included under the budgeted item of \$22,000.
- Supervisor Martin had a concern about giving the okay on the turbidity control conversation and asked if this item needs to be deferred to the next board. It was mentioned that this item could be added to the June 5 meeting agenda. Brad said in the meantime he can request for bids and estimates.
- Supervisor Martin asked if the electrical upgrades for Brookview Terrace need to be discussed.
- Richard James asked if estimates for the electrical and the drainage would be received. Brad said he did receive an estimate six months ago and it was about \$17K but it wasn't a detailed estimate. Chairman Pastor said Brad can conduct the bid process and the new board can then take action.

B. Information/Discussion/Presentation by the Citizens Budget Committee regarding the FY2015 Preliminary Budget including water rates and tax levy.

Sam Schwalm presented the preliminary budget information.

1. The committee changed the three quarter inch meter base rate and made it the same as the five inch meter base rate since they are both residential meters and it should be a similar cost. There was a chance in the \$1,200

reinstall fee and they are trying to go away from removing them and just lock them instead. A re-establishment fee was established due to 70% of homes being weekend type homes and people turn off their service during the winter. One goal is to build a reserve fund. The one-time \$125,000 property assessment tax was taken out. They added some borrowing authority in case any urgent matters need to be addressed. They left the \$1,250 new meter install fee for the 3/4" because the meter physically costs more. They added any meter size reinstall fee to \$150 which is in align with costs to do meter transfers. A question was asked if it would be the same if it was locked and the answer was no. An update to the Rules and Regulations will be conducted at the first board meeting.

2. Sam continued to present the Revenue slides and mentioned the numbers are a little different due to \$20,000 added for the Brookview Terrace. The notes at the bottom of the slide will reflect where the changes were made.
3. The slides on Expenses were presented. Sam said the new board's focus is to look at the master plan, prioritizing, and figuring if the committee can afford to do all that. A question was asked if this budget and the master plan would allow the committee to be proactive versus putting fires out. Sam said what he envisions is to have a layout of a three-year or five-year plan, some multiple year budgets because that has been one of the problems in the past. Chairman Pastor mentioned the board will have staggered years so there may be some changes. Richard James said the committee talked it through and they agreed on the budget. Supervisor Martin asked if this is doable from a leadership and management standpoint. Brad said he would like to provide the committee some guidance before the budget is voted on and will provide that information tomorrow. Brad said the engineers will do the final Master Plan presentation in June.
4. Sam continued on with the Capital Project slides. Chairman Pastor asked if \$25,000 is a reasonable estimate for pump and motor repairs. Sam said if more comes in then less would be identified and the committee will also look at pacing the capital spending over the years.

Additional comments were made by Supervisor Martin, Richard James and Chairman Pastor. Mr. McDaniel summarized and clarified that there was a change in the three quarter inch meter size rate which is around \$17,000 less in revenue in the budget, the issue of the reduction of the tax levy from \$625,000 to \$500,000 and to summarize the budget in 2014/2015 it goes from \$2.977m to \$3.373m. Mr. McDaniel added that the board is approving a preliminary budget and it is still a working document even after it is published to the community. The board can change their minds once receiving comments from the public. The new board will then approve the final budget.

C. Information/Discussion/Action to approve of the PSWID FY2015 Preliminary Budget.

Supervisor Martin motioned to approve the PSWID FY2015 Preliminary Budget as presented. Supervisor Marcanti seconded the motion. Motion was approved unanimously.

D. Information/Discussion/Action to set June 5, 2014 as the public hearing date to adopt the PSWID FY2015 Final Budget and authorize publishing the budget and hearing dates per Arizona Revised Statutes.

Supervisor Martin motioned to set June 5, 2014 as the public hearing date to adopt the PSWID FY2015 Final Budget and authorize publishing the budget and hearing dates per Arizona Revised Statutes. Supervisor Marcanti seconded the motion. Motion approved unanimously.

VI. CALL TO THE PUBLIC

Call to the Public is held to provide individuals the opportunity to address the Board of Directors on any issue within the jurisdiction of the Board and for the Board to hear issues of interest or concern from members of the District.

Board members cannot discuss items that are not specifically identified on today's agenda and they are therefore prohibited from discussing or taking any action on issues raised during the call to the public at this meeting.

The Board of Directors, by majority vote, may ask staff to review a matter and report back to the Board at a later date or may ask that a matter be put on a future agenda for discussion and possible action.

The Board may vote to go into Executive Session for the purpose of obtaining legal advice from the Board's attorney on any matter listed on the agenda pursuant to Arizona Revised Statutes.

Ric Hawthorne from Pine, AZ brought to the board's attention that past board members were using PSWID email lists to send out group emails to everyone in the community. The board shouldn't have access to those emails and they shouldn't be treating offices like personal offices. Past members were entering through employee entrances. They are members of the public and they should follow the rules. Chairman Pastor asked the County Manager to look into this issue and to provide some guidance for the office staff.

Chairman Pastor adjourned the meeting at 7:07 pm.