

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Board Meeting

Thursday, May 18, 2017 at 6:00 p.m.

PSWID Administrative Office

6306 W Hardscrabble Rd.

Pine, AZ 85544

1. CALL TO ORDER

Maheer Hazine called the meeting to order at 6:14 p.m.

2. PLEDGE OF ALLEGIANCE

Led by Maheer Hazine

3. ROLL CALL OF BOARD MEMBERS

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

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

April 27, 2017: Tabled until the next meeting

5. REPORTS TO THE BOARD

- A.** Chairman's report– Maheer, Greg, and Brandon, our EPS engineer met with ADEQ regarding Circle Drive. The district received a check for \$91,352.26 from the insurance company for the thefts committed by past district employees. The district received a response letter from CH2M for their annual review. He also helped the district manager and office manager with an employee issue.
- B.** Treasurer's report – Sharon Hillman presented the April report which is posted to the website.
- C.** Secretary's report – Larry Bagshaw had not received any correspondence.
- D.** District Manager's Report –The customer service manager is continuing to work with El Dorado on meter reading reports. She has contacted APS about possible reduced rates for well sites. She also provided an aging report for delinquent accounts. The district manager has hired a temporary employee that started May 8 and will continue through the maternity leave. Arizona has no definition as to part time vs full time employees. In July, all employees must receive 1 hour of sick time for every 30 hours of work, and for companies with less than 15 employees, the employee cannot accrue more than 24 hours of sick time per year. The district manager has also been coordinating with the CH2M staff regarding updating monthly reports. He is also working with the contractor regarding the valve installation repairs and another contractor on the Solitude Trail water main replacement.

6. CONSENT AGENDA

- a. Support Services Committee – No meeting

- b. Water Enhancement Committee – No meeting
- c. Customer Service Issues Update - None
- d. Contract Field Manager's Report –As posted to the website
- e. CH2M’s 2016 Annual Report for Field Operation Services – Distributed to the board members
- f. CH2M’s response to the District’s 2015/2016 Annual Performance Review - Distributed to the board members

Larry Bagshaw moved to accept the consent agenda. Tom Weeks seconded the motion. The motion carried unanimously.

7. CALL TO THE PUBLIC

- a. Pam Mason commented that she is looking forward to the board receiving the report on the Milk Ranch 1 well. She requested the total dollar amount spent to date on it. She also asked that the board emphasize during the upcoming budget hearings that the property tax is being dedicated to pay off the loan obtained to purchase the district.
- b. Marjorie Malloy was in attendance for the discussion on item 9 I regarding the letter and pictures sent to the district From the Portals I and 2 Homeowners Association about the need for repair on the Summit Drive Water Tank building.

8. OLD BUSINESS

Note: Item 8 IV was moved up and discussed at this point.

I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING DISTRICT MANAGER’S AUTHORITY. Maher Hazine drafted Policy DM-001 to define the delegated authority of the district manager in regards to the functions delegated to the district manager in the district’s Rules and Regulations and from the feedback from the April 27 meeting. There were concerns voiced about the board needing to define the duties of the district manager before giving him any authority, and about the dollar amount limit of the authority the district manager should have. The district treasurer should know what items funds are being spent on and if it is necessary and within the budget. We should not have to be micromanaging the district manager, or why should we even have one. Some of the board members suggested that the wording on the policy be revised and brought back to the board next month. Finally Tom Weeks moved that the proposed policy be adopted. Larry Bagshaw seconded the motion. Further discussion had Tom restating the motion to include that the district manager’s spending authority for amounts over \$5000 had to be coordinated with the treasurer, and any hiring of any additional employees had to be subject to the budget allocation. Larry

seconded the restated motion. Another revision to the motion was suggested concerning defining a \$5000 dollar amount for expenditures which was acceptable to Tom and Larry. A revision to the motion to include not allowing the district manager to direct checks to be cut was also suggested, but neither Tom nor Larry were amenable to the revision. A vote was called for. The motion carried 4 to 3 with Forrest McCoy, Sharon Hillman, and Rus Brock casting the no votes.

II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING ESTABLISHING POLICIES AND PROCEDURES FOR DEALING WITH CHANGE ORDERS OF CAPITAL IMPROVEMENT PROJECTS. This was actually covered in the above item under the section on the Capital Improvement Program authority. Contracts would still need to be approved by the board and change orders would be post approved by the board. The future Capital Improvement Program budget would have a contingency amount built in to it to cover unanticipated costs for projects.

III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING SOLICITATION FOR PROPOSALS – QUALIFICATIONS FOR FY18 AUDITOR SERVICES. Greg Smith drafted a new RFP based on the 2015 RFP which was given to the board. If the board approves the RFP, then it will be published in the Round-Up twice, posted to the website, and a letter about the RFP will be sent to several accounting firms on a list provided to the board. Sharon Hillman found one date that needed to be changed in the RFP. The RFP will be posted and published after changes are made. No motion was made to approve the RFP.

It was also pointed out that the Support Services Committee needs a new chairman, and needs to have a meeting with the committee to review any submissions to the RFP. Forrest McCoy volunteered to chair the committee.

IV. DISCUSS AND TAKE POSSIBLE ACTION REGARDING POSSIBLE UPGRADES TO THE DISTRICT’S COMPUTER SERVER AND OPERATING SYSTEMS. Greg Smith and Scott Moody from Smart Systems presented computer system upgrades which should take place immediately. First was a firewall upgrade which would cost \$2927.15. Second was changing the internet access from a DSL line to a cable line which would be faster and more reliable. This would cost \$600 for installation and labor and \$100 a month. Third was replacing the computer at the field office with a “thin client” which would

cost \$500. For the next fiscal year it was suggested that the district get a new server and also replace several computers. Rus Brock moved that \$4500 be approved for the three immediate upgrades – the firewall, the cable line, and the “thin client”. Bob Arbuthnot seconded the motion. The motion carried unanimously.

V. DISCUSS AND TAKE POSSIBLE ACTION REGARDING CREDIT CARD POLICY.

Sharon Hillman took the policy suggested by Heinfeld Meech and reworked it into a simpler one and also drafted a user agreement to go with it. The only authorized user on the credit card is the district manager, and the credit card is locked up in the district safe. Greg needs to sign the user agreement. Tom Weeks moved to accept the credit card policy as drafted. Larry Bagshaw seconded the motion. The motion carried unanimously. Tom Weeks then moved to accept the user agreement. Rus Brock seconded the motion. The motion carried unanimously.

VI. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE TASK 1 REPORT FROM EUSI Maher Hazine. This was tabled until the next meeting.

VII. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE STATUS, PRIORITIZATION AND FUNDING OF CAPITAL PROJECTS.

Greg Smith gave the board a written report of the projects. Milk Ranch 1 is waiting for ADEQ approval to discharge water to Pine Creek. Circle Drive project is waiting for a Variance Request letter to be sent to ADEQ per the meeting held with them. The Ralls/Magnolia extension is waiting for an ADOT permit. Strawberry View 1 plans are ready to submit to ADEQ once the district manager reviews them. The McClendon, Valve, and Wye Strainer projects are essentially done with just the contractors’ Affidavits of Completion and ADEQ approval of construction on McClendon. The Solitude Trails water main replacement contract was awarded to EW Parker as the low bidder for \$19,275 and expedited as the leak was flooding and potentially damaging an adjoining property leach field. The Strawberry Hollow well has the slots where the water comes into the pipe are clogged, so it cannot be used. Costs should be less than \$20,000 to resolve the problem. This should be expedited.

9. NEW BUSINESS

I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE REHABILITATION/REPAIR OF THE PORTALS I & II SUMMIT DRIVE WATER TANK STRUCTURES.

Greg Smith. Jack Malloy from the Portals 1 and 2 Homeowners Association sent a letter and pictures to the district. The building needs repairs made to the doors and roof. Also if the building is rehabilitated so it does not leak, then some of the outside equipment could

be moved into the building. Basic repairs are in about the \$15,000 range and moving equipment into the renovated building would cost another \$25,000. This will be added to the 2017/2018 capital improvement project list.

II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE FISCAL YEAR 2017/2018 OPERATING AND CAPITAL PROGRAM BUDGETS.

Sharon Hillman and Greg Smith drafted a proposed budget which was presented to the board. The budget would be for \$4,687,000. The Administrative labor costs should include an FTE count instead of titles. The discussion centered around several line items on the detail report. Sharon is working with our accountant to put the budget into Quick Books so that reports would be readily available. The suggested schedule with costs for the 2017-2018 capital improvement projects was also discussed. No action was taken.

III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING AN UPDATED RATE AGREEMENT WITH APS FOR ENERGY FOR WELLS. Greg Smith reported that Karen Killen, our office manager made him aware that APS has a reduced rate for electricity used for pumping ground water. We possibly could save up to 30% on the rates. This was carried forward until the June special meeting so more information can be received from APS.

IV. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE EXTENSION OF THE GENERAL ENGINEERING AGREEMENT WITH THE EPS GROUP. Greg Smith made the board aware that the agreement with EPS was expiring on June 30, 2017. There is a provision in the agreement that the district could extend the agreement for up to 2 additional 1 year terms. Forrest McCoy moved that the board extend the terms of the EPS agreement for one more year. Bob Arbuthnot seconded the motion. The motion carried unanimously.

10. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON JUNE 15, 2017

- a. Special meeting early in June for EUSI Task 1 report and APS rate review.
- b. Report on Milk Ranch 1 well.
- c. Report on Strawberry Hollow well.
- d. Update on implementation of Internal Controls and Recommendations.
- e. Dates for budget public hearings that must be held by the end of June.

11. MOTION TO ADJOURN. Maher Hazine adjourned the meeting at 9:30 p.m.