

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

BOARD OF DIRECTORS MEETING

Thursday, May 21, 2015 at 6:00 pm

PSWID Administrative Office

6306 W. Hardscrabble Road

Pine, AZ 85544

A. CALL TO ORDER

Tom Weeks called the meeting to order at 6:00 p.m.

B. PLEDGE OF ALLEGIANCE

Led by Tom Weeks

C. 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.

D. APPROVAL OF MINUTES

April 16, 2015 Meeting Minutes: Rus Brock said that the minutes needed to have the adjournment information added. Maher Hazine moved that the minutes be approved as amended. Richard James seconded the motion. The motion passed unanimously.

E. CUSTOMER CORRESPONDENCE

Larry Bagshaw read a letter received from the PS fire department. They were requesting access to PSWID's one call system for emergency messages. Beckie Sigeti stated that our system only notifies the PSWID customers, not all the residents of Pine and Strawberry and that it was not available after hours or on weekends. She can provide a listing of customers and phones to the fire department and help them set up their own system. Tom Weeks will talk to them.

F. CALL TO THE PUBLIC

There were no comments

G. TREASURER'S REPORT

Presented by Rus Brock. Rus gave us the financial information through the end of April. He gave the board members a summary which included the cash position, the budget vs actual expenditures, and capital projects.

H. BOARD MEMBERS REPORTS

- A. Support Services Committee Report: Rus Brock reported that the committee had met, and come up with a recommendation for an auditor. The recommendation will be covered in agenda item G.
- B. Water Enhancement Committee Report: Maher Hazine reported that the committee had met on May 13 and reviewed the water share agreements. They agreed that the agreements needed to be revised so that they were more unified and that each party's responsibilities need to be better defined. They will work on this over the next few months. Their recommendation as to the 2015/2016 rates will be part of agenda item J.
- C. Customer Service Committee Report: Richard James said that the number of service orders were down. Tom Weeks commented that he is meeting with Matt Kear every Friday.

I. CH2M HILL MONTHLY REPORTS Presented by Matt Kear .

- a. Repair Order Status: Customer orders totaled 91 for 110 work hours. Maintenance orders totaled 169 for 500 hours.
- b. Well and Tank Report: 6,746,130 gallons of water was produced in April. 50,000 gallons were sent to Strawberry. 63.9% of the water was produced from district wells, with the rest from water sharing agreements.
- c. Well Test Report: 18 out of the 26 wells were able to be sounded for the pump level, the water level, and available levels. The wells that were not sounded, either had plugged lines or no access. Matt will look into getting the wells unplugged or finding a way to obtain access.
- d. Water Loss Report: 89,500 gallons of water were lost due to leaks, flushing, or filling and reinstall start-ups.
- e. Vehicle Report: 357 gallons of gas was purchased for the cost of \$792. The 2002 Ford F350 is being repaired.
- f. Improvement Projects Report:
 - 1. Portals II Midway Booster Building – One bid was received and another is coming. This is a busy time of year for contractors, so not many bids were received.
 - 2. Portals II Hydro Pneumatic Building – Needs to be demolished and rebuilt. One estimate was received on this.
 - 3. Milk Ranch Sine Wave Filter – The noise has been reduced so that it complies with OSHA standards and the developers concerns have been resolved. Upgraded exhaust fans and an exterior shade structure should be installed.
 - 4. In-Line Chlorination – The board approved this and a \$2000 budget for each location in September 2014. It is still pending ADEQ approval. Matt is investigating to see what the hold-up is on this. There was a brief discussion on still keeping the option of adding chlorination by using pellets, with concern expressed that doing so will void the pump warranties. Paul Cornejo said that emergency use in high usage periods probably would not void the warranties.

More information on the repairs and costs on the first 3 items will be provided for the June meeting. Maher Hazine suggested that these projects be delayed until fall when more contractors would be available.

Inquiry Follow-up – Questions from the April Board Meeting

1. The security of the electrical panel at the Portals II Midway Booster station – The panel needs to be replaced as it cannot be locked. Maher suggested that there were other ways to secure the panel other than replacing it which would cost less. All the other facility panels were secure.
2. Vehicle repair status – It was determined that the Ford F350 and the Dodge Dakota body damage was due to CH2M Hill employee negligence and the CH2M Hill would cover the costs of repair. The Chevy 1500 damage was due to an accident (collision with an elk). The accident report was obtained. There was a discussion about getting reimbursement from the insurance company, but since the engine and transmission are going, that it should not be repaired.

J. REGULAR AGENDA ITEMS

- A. Information/Discussion/Action regarding an update on the request from customer David Bonewell for reimbursement of some costs. Requested by Tom Weeks. David presented a letter from the builders of the home about the water leak. He bought the home in 2006, and had the county grade the road and he installed corrugated culverts. He built an apartment under the home and installed French drains and cemented around the home. He also bought the neighboring lot and found he had lots of water on it. He installed a sump pump and eventually a 1500 gallon tank underground on the lot. He was getting 3-5 gallons of water per minute, about 600 gallons daily which he used to water his garden and landscaping. The water damaged the trees on the adjoining lot. In 2013, the leak detection survey team did not find any leaks on the lot and the county had told him the water was from a spring. PSWID later determined it was a water line leaking and fixed it. There is no leak now. Mr. Bonewell is requesting \$5804.71 in reimbursement. Maher Hazine stated that the district did due diligence in fixing the leak. Paul Randall suggested a reimbursement of \$3300, which Mr. Bonewell rejected. Larry Bagshaw made a motion that PSWID pay a reimbursement of \$4059.59. Richard James seconded the motion. Tom Weeks polled the board. Trent, Paul, and Maher voted no. Richard, Larry, Rus, and Tom voted yes. The motion passed 4-3.
- B. Information/Discussion/Action regarding the new contract with CH2M Hill. Requested by Rus Brock and Maher Hazine. Maher thanked CH2M Hill for their willingness to redo the contract. The redone contract can be terminated in 2017 and have two year renewals. It had more definitions, responsibilities, and performance reviews included in it. Rebates is going away. There will be a reimbursable account funded with \$20,000 each 30 days with receipts required before the account can be refilled. As operators, CH2M Hill can make recommendations to improve the system and if the recommendation results in savings to the district over two years, CH2M Hill will get a rebate. As to performance, there will be data items, maintenance inspections, CH2M Hill will review all engineering plans, and their staff will be at the field office. The customer service and accounting personnel will become PSWID employees effective June 1,

2015. If PSWID chooses to terminate the contract in 2017, there will be a \$100,000.00 cost, with no cost afterward. If there are problems on either side, there will be notifications issued with a 5 day correction period. If there is no correction, a second notice will be issued with another 5 day correction period. A third notice will terminate the contract. The amended and restated contract starts on June 1, 2015 and ends Nov. 30, 2017. If the CPI increases, there will be a maximum of 3% increase in contract costs. The new contract amount is \$882,490 for the 2015/2016 budget year. Rus Brock moved that the board accept the 5/21 version of the contract. Larry Bagshaw seconded the motion. The vote was unanimous. Richard James thanked CH2M Hill for their work and stated that the new contract gives us a solid foundation. Tom Weeks said that it resolves the issues we had in the past.
- C. Information/Discussion/Action regarding the 2015/2016 budget. Rus Brock provided a handout of the proposed budget for \$3,091,600 and explained the revenue and expense totals. Rus moved that the board accept the budget and publish it. Maher Hazine seconded the motion. It passed unanimously.
- D. Information/Discussion/Action regarding an update on the plan of action for coming up with an RFQ for an engineering firm to design a WIFA and/or other grants for us. Maher Hazine is working with CH2M Hill on this. Paul Cornejo contacted Fair Yeager at CH2M Hill. It will cost the district approximately \$1200 to \$1500 per grant application.
- E. Information/Discussion/Action regarding an email service for customer notifications. Requested by Beckie Sigeti and Sam Schwalm. Our current email service costs \$56.75 per month for 50,000 emails, 12 lists and attachments. The customers can opt in or out as to getting the emails. Beckie compared our current service with free services, but the free ones do not offer the same options as our current one does. She recommended staying with our current service. She did ask for board direction as to what emails should be sent. It was suggested that she send out notices of board meetings, but that all other requests for emails to be sent need to be approved by Tom Weeks.
- F. Information/Discussion/Action regarding hiring a payroll company for the office staff. Requested by Maher Hazine. Maher said that ADEP would provide computer time keeping, HR, and payroll services for about \$200 a month with one time discounted set up fees of \$125.00. The board can then reevaluate the service in six months. Beckie pointed out that the employee handbook should be updated and that she has updated QuickBooks software that could handle the payroll function. The board thought that using ADEP would ease her load a bit and also provide the HR services that we do not have, and eliminate any chance of negative feedback from the community about payroll. Maher moved that the board approve the \$200 per month costs for ADEP with the set up fees. Paul Randall seconded the motion. It passed unanimously.

- G. Information/Discussion/Action regarding the RFQ for an accounting firm. Recommendations per the support services committee. Requested by Rus Brock. The Support Services Committee reviewed the applications received as the result of the RFQ. There were 4 responses received. The committee recommended that the board approve the proposal from Heinfeld, Meech & Co. for \$13,125. They are our current auditing firm. Maher Hazine moved to accept the recommendation. Larry Bagshaw seconded the motion. The motion was approved unanimously.
- H. Information/Discussion/Action regarding the district's revised Rules and Regulations. Requested by Beckie Sigeti. Beckie updated the rules, added a table of contents with the help of Rus Brock, changed that the board (instead of the district manager) approves donations, and added an employee section. The discussion on this was tabled until June.
- I. Information/Discussion/Action regarding an update on the bids for the Tank Farm tanks, SV 1 tanks, and Pine Creek Road capital projects. Requested by Beckie Sigeti.
1. Tank Farm (SV3) Tanks Replacement– Bids received. Verde Engineering recommended accepting the one from DD Haught for \$96753.13 for the 5 tanks. This is \$21,373.3 over the current budgeted amount. Maher Hazine moved to approve the DD Haught bid and add \$21400 to the budget. Larry Bagshaw seconded the motion. It passed unanimously. Verde will inspect the installation weekly and give us reports. It will take about 45 days to complete.
 2. Strawberry View 1 Tank Replacement – Hector Alvarado inspected the site and said that the plumbing on the booster station needs to be upgraded and a new VFD booster station installed. That will cost \$17,900. The project is also waiting on agreement between the surveys from Verde and North Star. The ADEQ application for the project is ready to go, but was held when the plumbing problem was identified. The project bidding will be held until fall. Maher Hazine moved that the board approve \$6900 in costs to cover the engineering and ADEQ permit cost for the booster station. Larry Bagshaw seconded the motion. It passed unanimously.
 3. Pine Creek Road water main replacement – Preconstruction meeting was held and it was suggested that a temporary line be placed above ground during the project to prevent any water shutoffs. The RFP was amended with the above ground line and that PSWID will pay for half the materials of the line after the project is complete. The new bids are due May 27. Maher requested another amendment that states PSWID will own the above ground pipe and Trent suggested that we specify that the pipe will be HDP so we can use it in the future. The amendment will be made and a new bid date set.
- J. Information/Discussion/Action regarding recommendations on the water share agreements per the water enhancement committee. Requested by Maher Hazine. The old rates on the agreements were based on the Utility CPI. The recommendation

from the committee was to have a new rate based on \$1.00 per 1000 gallons sent out with a letter signed by Tom Weeks. Maher Hazine moved that the board accept the new rates and have Beckie Sigeti prepare a letter to be sent. Larry Bagshaw seconded the motion. It passed unanimously.

- K. Information/Discussion/Action regarding hiring a survey firm separate from Verde Engineering. Requested by Richard James. The property owner where the SV1 tank is located has a survey that was not recorded. There was a stake from the survey made by Verde Engineer that was moved and that survey does not agree with the survey made by North Star. North Star's survey shows that the house and garage are not in the easement. Maher Hazine stated that platted subdivisions are not generally recorded. He suggested that North Star meet with Verde Engineering and finalize the survey. Tom Weeks tabled the issued until the surveyors agree.
- L. Information/Discussion/Action regarding back flow prevention. Requested by Beckie Sigeti. There currently is no consistency in the requirements for back flow preventers. Customers have been told various things. Beckie met with Matt Kear and Paul Cornejo who trained the field employees. Letters will be sent to customers stating the requirements. There is a \$50 per year inspection fee. Backflow preventers have a cost of \$200 to \$800 which may be too heavy for some customers to bear. Paul Cornejo recommends the RP Backflow. He will also have someone on the CH2M Hill staff for PSWID certified within a year. He will also send his recommendations to Beckie to forward to the board. Maher Hazine asked how long customers have to install them. He also suggested implementing a program to help customers pay for them. There are currently about 175 customers that need testing, and 21 that need to install back flow preventers. It was decided to put enforcing this on hold for now.
- M. Information/Discussion/Action regarding Agenda Items for the June Meeting.
 - 1. Fire District request to use PSWID one call system.
 - 2. Back flow program.
 - 3. Budget approval.
 - 4. Bank loan final status.
 - 5. Plan to pay off loan, once budget is approved.

K. ADJOURNMENT

Maher Hazine moved to adjourn the meeting at 9:15 p.m. Trent McNeeley seconded the motion. The vote was unanimous.