

**BOARD OF DIRECTORS**  
**PINE/STRAWBERRY WATER IMPROVEMENT DISTRICT**  
P.O. Box 134 - Pine, Arizona 85544-0134

**MINUTES**

Regular Board Meeting, Thursday, July18, 2013

**1) CALL TO ORDER**

Pine-Strawberry Water Improvement District meeting was called to order at 4:00PM by Ray Pugel – Chairman

**2) PLEDGE OF ALLEGIANCE**

**3) ROLL CALL**

**Board Members Present:**

Gary Lovetro	Tom Weeks	Ray Pugel
Ron Calderon (arrived at 6:00pm)	Mike Claxton (absent)	
Sam Schwalm	Richard Dickinson	

There was a Quorum – 5 Board Members present at 4:00PM and 6 present at 6:00PM.

Also Present:

Brad Cole – CH2MHill District Manager  
Beckie Sigeti – CH2MHill Accounting Mgr.  
Dan Torrens – District Legal Counsel

**4) WORKSHOP: DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE DISTRICT RULES AND REGULATIONS**

Dan Torrens outlined the procedure to be used by Board Members present to review and edit the District's Rules and Regulations document. A separate document containing different colored edits by contributors was provided. Brad Cole – red, Sam Schwalm – blue, Beckie Sigeti – gold, and Dan Torrens – green. When the Board has concluded the review, Dan will make a final document to be provided and voted on at a future District meeting.

Motion to keep edit procedure of Rules simple by roll call vote rather than a motion, second, and vote on each discussion item – Gary

Second – Richard

Vote – 5 – 0 motion passed.

Board Members conducted a discussion and review of the District's Rules document voting on various edits through Section 2.7 on page 18 until 5:50PM. The Board agreed to take a 10 minute break before continuing with the remainder of the Regular Board Meeting at 6:00PM. The Board Members agreed to continue to edit the Rules document at a future workshop scheduled for Wednesday, August 14 at 4:00PM.

The meeting was reconvened after break at 6:04PM.

## **5) APPROVAL OF MINUTES**

### **a. Regular Meeting May 18, 2013**

Motion to approve Regular Meeting minutes – Ron  
Second – Gary  
Vote – 6 to 0 Minutes approved.

## **6) FINANCIAL REPORT**

Ron Calderon presented the financial report (cash flow statement) for the period ending June 30, 2013. Cash flow in was \$149,609. Cash out for the period was \$222,737. This resulted in a net cash flow of (-)\$73,128 for the period. Net cash flow YTD is \$226,839.

Total Bank Balance(s) as of June 30, 2013 in the Restricted Account was \$605,262. The Non-Restricted Account was \$226,839 resulting in Total Bank Balance of \$832,101. The entire financial report will be posted on the District web site. Fiscal Year Ending Estimate Reports will be available approximately the first week of August 2013. Final FY reports will be available when FY Ending accounting requirements have been completed.

## **7) DISTRICT MANAGER UPDATE**

Brad Cole updated the Board and attendees on the progress of District Priority Capital Projects and Operations.

### **Meter Replacement Program**

As of last Friday we are about 64% completed for FY 2013. The project ran behind due to field staff shortages and payment issues. RFP's are due next Friday for the next set of (1,606) meters. Bids are due July 26 for FY 2014. Brad indicated that these meters will be installed by year end. There are plans to bring in extra field staff if necessary to insure completion. Brad stated that project completion would still be under budget.

### **Milk Ranch Well(s)**

The application for Approval of Construction for the second tank at MRW #1 has been at ADEQ for 2 weeks and approval is expected any time.

MRW #2 has been completed and is running at 50gpm. This well is capable of running at 80 to 85gpm, but is being run at 50gpm to facilitate the development of the well. It's anticipated that when developed MRW #2 will be run about 80gpm especially during high demand periods.

Gary asked if the District would have had sufficient water supply over the July 4<sup>th</sup> weekend without the MRW's. Brad responded they had to pump water to Strawberry daily, and without the MRW's Strawberry would have been out of water and the District in trouble.

MRW #3 drilling has been completed. Installation of 6 inch casing to depth of 800 feet is ongoing, and the next steps involve well development. Electrical installation bids are due August 6<sup>th</sup>. After

electrical installation the 30 day pump testing will be done, site fencing, and then Approval of Construction.

#### Leak Detection Survey

Brad has submitted for RFP's with Bids due July 26. He indicated he has applied for WIFA grant money to offset expenses here.

Tom asked about the condition of SHW. Brad indicated that we have two successive negative coli form tests and are awaiting results of a third test, and if negative Brad will consult with ADEQ to bring the well back on line. SHW will likely be chlorinated as well.

Documents are being prepared to address the Master Plan and repair of the 300k storage tank.

#### Operations

Brad indicated the District field staff struggled over the July 4<sup>th</sup> weekend to keep Strawberry in water. There was plenty of water in Pine, but staff had to pump water to Strawberry around the clock. The issue is the small size of the Rimwood tank that supplies 70 to 80% of the customers in Strawberry. The Water Master Plan will evaluate the need for additional storage as a possible solution to the Strawberry water supply issue.

The McKnight water sharing agreement has been reinstated. However after the loss of the contract the Strawberry View #1 Well was upsized to adjust for the deficit. The adjustment to the Strawberry View Well performed as planned and experienced no water outages over the July 4<sup>th</sup> weekend.

On July 5<sup>th</sup> the Tank Farm Well pump and motor failed, and was quickly repaired by a joint effort of the District driller and CH2MHill field staff.

### **8) BOARD MEMBER REPORTS**

Sam had prepared a slide presentation to discuss the type and amount of the different kinds of pipe currently making up the system infrastructure. He stated that the amount of pipe discussed during the Budget Meeting and Hearing was incorrect because he felt the amount of pipe in Strawberry was not included.

Several Board members objected to the discussion indicating they felt it was re-addressing the Budget by leading to a discussion of Capital projects. Chairman Pugel cautioned Sam that he was "treading on dangerous water" by indicating his opinion of future action the Board should take (related to replacing water pipe) on a non-agenda item which would potentially violate Arizona OML. Gary stated he felt the whole presentation was out of order. It was pointed out that during the Budget Hearing a discussion of the Master Plan and how it would identify and address the need for replacement of piping had already been considered by the Board. Ray stated that during his presentation Sam said "we probably should" indicating his opinion on future Board action before 5 other Board Members which Ray felt violates OML. Sam asked for Dan Torrens' opinion. Dan indicated he could not make a definitive determination given he had not seen the entire presentation, but advised that the other Board Members' objections and concerns were "well

placed.” Dan cautioned that it was important that discussions of actionable items be on the agenda to give the public information on subjects to be discussed.

Motion to rule this presentation out of order and end it due to potential violation of OML – Gary Second – Ron  
Further Board discussion followed.

Vote - 4 yes and 2 no. Ray called for an end to the presentation. Tom voiced his concern that the motion and vote might be out of order.

Dan provided further that under Board Member Reports members usually had made informational statements related to non-actionable items, such as reporting on public input to an individual Board Member.

Sam asked for an agenda item for next meeting to allow the ADEQ representative to address the Board.

Ray Pugel - Board Member Reports.

Ray reported on an article in the paper related to high water bills including water hauling charges in Mesa Del.

Videos have been posted on the PSWID Website to facilitate public understanding of Board issues and actions. Chuck Dickens the District Hydrogeologist will be recording a video describing deep well development and water turbidity to be posted also.

## **9) OLD BUSINESS**

a. Discuss and take possible action related to District policy for back flow prevention apparatus.

Brad discussed the issues related to District policy for residential horse property and commercial property. Moving forward each commercial property will be evaluated on a case by case basis to determine if there is a hazard and a back flow device warranted. Hazards for commercial properties would include such things as chemicals. The same rules will be followed for horse properties. The main hazard is the horse trough, and these will be evaluated on a case by case basis. An “air gap” system would be allowed for residential horse properties. Compliance and monitoring for such systems was discussed. Board approval was not required. For horse property an air gap system with a thread-less hose bib would be adequate.

The CH2M Hill District Manager will change the back flow device policy to reflect that commercial and residential properties will be evaluated on a case by case basis.

Brad Waters

Mr. Waters asked questions related to lifting the deadline to remove meters for customers not in compliance with back flow device policy. Customers will be evaluated under the new policy, and deadlines will be delayed.

Todd Hamblen

Thanks to District for addressing the issue. He wanted to know if he needed separate hose bibs for each hose to each trough. Brad didn't have final answer at this time and will make final determination.

b. Discuss and take possible action related to water usage revenue.

Sam prepared a slide presentation to discuss his concern that proposed revenues were incorrect and in his opinion there would be a short fall and what action the District might take. Sam gave reasons for his belief in the water revenue shortfall including over estimation in plans for water recovery, and the fact that he believes not all meters will be replaced in given time frame. He stated that he anticipates the short fall to be in the \$78,000 to \$98,000 range.

Gary asked why Sam stated that all meters would not be replaced when Brad Cole had just stated that all meters would be replaced by FY end by adding field staff if necessary.

Sam described water usage and rate structure that led him to his conclusions. He felt that we will have the same water distribution within tiers that we had over the last 2 years. Sam estimated that water recovery would be about 4 to 8% of the approximate 32% current loss. Ron challenged Sam on his estimate of water recovery.

Sam recommended postponing some non- essential spending and develop a low priority project list to withhold spending until we see whose estimate is right. He recommended we could stop spending now.

Board discussion related to the accuracy of the prior year predictions of Beckie Sigeti, Accounting Manager, and Brad Cole, District Manager. For last year the proposed figures were off by \$4,600 on a \$1.6 million budget. Gary indicated given the accuracy of Beckie's forecast, he would rather rely on her figures.

Motion – The Board instructs CH2MHill to identify \$80,000 in low priority operations and/or capital spending that can be deferred until after the beginning of the year, with that spending contingent on Board approval after actual water usage revenue expectations become clearer. - Sam

Second – No Second

Motion – failed.

## **10) NEW BUSINESS**

a. Discuss and take possible action related to Dan Torrens' legal firm Shorall McGoldrick Brinkman, Phoenix, AZ.

Dan explained joining another law firm. Hourly rate and charges will remain the same.

Motion – Retain Dan Torrens and his new firm Shorall McGoldrick Brinkman of Phoenix as legal counsel for the District. – Gary

Second – Ron

Vote 6 – 0 Motion passed.

b. Discuss and take possible action related to economists.com proposal.

Ray Pugel opened the Board discussion to hire Dan Jackson of economists.com as consultant for District financial issues. The Board discussion evaluated how engaging this consultant would facilitate development of the Master Plan, confirming that the expense was in the Budget, and comments from those with prior experience with Mr. Jackson.

Motion – That we table the issue of economists.com until we have a master plan or until a future meeting. – Tom  
Second – Gary  
(Further discussion).

Amended Motion – That we table the issue of economists.com until the proper time.- Tom  
Amended Second – Gary  
Vote – 6 – 0 Motion passed.

**11) CALL TO PUBLIC FOR NON-AGENDA ITEMS (3 minutes per speaker)**

Pam Mason withdrew her request.

**12) CALL TO ADJOURN**

Motion to adjourn – Tom  
Second – Richard  
Vote 6 – 0 Meeting adjourned at 7:26PM

**Reports Available directly from PSWID by request for July 18, 2013**

1. *File # PSWID – Financial Report - PSWID– 07/18/2013*
2. *File # PSWID – District Manager Update – Brad Cole – 07/18/2013*