

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

MINUTES

Regular Board Meeting, Thursday, September 13, 2012

1) CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at 6:00PM by Gary Lovetro – Chair.

2) PLEDGE OF ALLEGIANCE

3) ROLL CALL

Board Members Present:

Gary Lovetro

Ron Calderon

Mike Greer

Richard Dickinson

Tom Weeks

Don Smith (arrived approximately 6:15PM)

Mike Claxton (absent)

There was a Quorum – 6 of 7 Board Members present.

Also Present:

Brad Cole – CH2MHill District Manager

Dan Torrens – Legal Counsel

4) APPROVAL OF MINUTES

a. Regular Meeting July 28, 2012

Motion to approve Regular Meeting minutes – Ron Calderon

Second – Mike Greer

Vote – 5 to 0 (Don Smith not present yet) Minutes approved.

5) FINANCIAL REPORT

Mike Greer, Treasurer, presented the financial report for the period ending August 31, 2012. The District cash flow in (revenue) was \$149,065.17. Funds disbursed from Compass Bank were \$15,000.00. Funds received from tax levy account were \$566.58. Total cash in for the period was \$164,631.75. Total cash out for operating expenses for the period equaled \$206,339.96. This resulted in a net cash flow of (-) \$41,708.21.

Total Bank Balance(s) as of August 31, 2012 in the Restricted Account was \$585,471.48. The Non-Restricted Account was \$554,213.49 resulting in Total Bank Balance of \$1,139,684.97. The entire financial report will be posted on the District web site.

Sam Schwalm asked a question related to July revenues. It appeared to him about half of July revenues were “pushed back” into June. Why? Beckie responded that this was done to accrue the actual billing cycle revenues appropriately into the end of the fiscal year.

6) DISTRICT MANAGER UPDATE

Brad updated the attendees on the progress of District Capital Projects and Staffing via a power point presentation.

1. Milk Ranch Well #1

A decision was made to purchase a new 30,000 gallon storage tank based on an analysis performed comparing buying new vs. refurbishing a 43,000 gallon tank already owned by the District. RFP's are currently being created, and a list of vendors is being developed for purchase.

2. Milk Ranch Well #2

The drilling and water analysis have been completed. Water quality tests have met federal and state standards. To keep drawdown, turbidity, and sand level at acceptable levels the District Hydrogeologist recommends installing a 20 HP pump at 677 feet and regulate flow not to exceed 75gpm.

3. Milk Ranch Well #3

Open holes adjacent to the drilling site have delayed progress. The holes will be filled by field staff as soon as they have finished pipe work preventing filling of the holes. The application for Flood Plain use, allowing design and permitting of required electrical permits and elevated location of well pad, has been submitted to Gila County.

4. Pine Creek Canyon Road

The District has received Approval of Construction from ADEQ, and water line and appurtenances passed pressure and water quality testing. Field staff have completed all tie-ins with the old system which connects all customers on Pine Creek Canyon Road, in Hidden Pines, Ivy Lane and Oak Leaf Circle to the new 5,000 foot 8 inch water main. Additionally 9 fire hydrants have been installed. Work to raise valve stacks and fire hydrants to final road surface elevation remains to be completed. The final road completion deadline is October 31, 2012.

Gary Lovetro commented on the Pine Creek Canyon Road project by reminding attendees that the District had no control over the work and water disruptions related to the project. The District was required by the County to participate in the project and pay for installation of new water line, but the work and progress was controlled by the General Contractor. The District has done its best to provide water service to our customers in spite of approximately 12 to 13 outages caused by the Project Contractor's construction crew.

5. Whispering Pines South Project

This is a new project for 2013 which plans for 1,000 feet of new 6 inch water main along Hwy. 87 south of Whispering Pines. An application for Approval to Construct is not required from ADEQ because the project expense is under \$50,000. An Encroachment Permit has been submitted to ADOT and is expected in 4 to 6 weeks. RFP documents are being developed and we already have 4 local contractors who have expressed an interest in the project.

Gary explained to attendees that the purpose of this project was to satisfy District service requirements to the District boundaries, and to replace and correct a one-half inch main line under

Hwy. 87 that was installed by BUI. Water customers in this area have been struggling for some time with water needs due to the small service line.

6. Meter Replacement Program

RFP documents have been developed, and advertisements for bids will appear in the Payson Roundup on September 14, and 21st. Work will start in about a month with a goal of replacing about 50% or 1,600 of the existing meters in the 1st year. The project will probably start in Strawberry where the oldest meters are located, and where there appears to be the largest discrepancy between used water and water revenues (unaccounted for water).

7. Staffing

The 4 open staff positions have now been filled with permanent employees. Therefore reducing the need for substitute field staff that have been supplied during the hiring process.

8. Operational Issues

Brad reported that over the last 4 to 6 weeks there have been several reports of "dirty" water. However the complaints have tapered off recently. There has been no definitive reason identified for this situation. There have been several main breaks along Pine Creek Canyon Road due to the construction project, and the water service interruption in June involving depleted storage tanks could be suspect. The District has extensively flushed the main water lines, and all water tests provided to ADEQ have passed and are considered good quality and safe for consumption.

There were questions from attendees related to whether or not customers had to be home at the time of their meter replacement, and whether or not the location of the meter could be changed. (ie. moved from the middle of a driveway). Customers do not have to be home at time of replacement, and the District will attempt to accommodate reasonable requests related to meter location.

7) BOARD MEMBER REPORTS

Don Smith requested that a statement he made at the last District meeting be added to the record for this meeting. Don explained his reason for not seeking a 3rd term on the PSWID Board. He said his policy is to commit to only 2 terms when he participates as a board member of any board. He feels this gives others a chance to participate. He stated his decision was not from an issue with this Board. He did express his opinion that the Board would benefit from more "open" communication, and participation of Board Members on Board committees.

Richard, as Election Committee Chairman, reported on the election process related to the 4 open PSWID Board seats. Because there were only 4 candidates for the 4 seats the County does not require an election. At the last Gila County Board of Supervisor's Meeting held September 4, 2012 the County "appointed" the 4 candidates to the 4 PSWID open Board seats. The "new" PSWID Board members starting their term January 1, 2013 are; Richard Dickinson, Gary Lovetro, Sam Schwalm, and Tom Weeks. The fact that no election was required saves the District the election expense approximately \$700. The 4 "new" PSWID Board members each signed their Oath of

Office which along with a copy of this meeting's minutes will be furnished to the Gila County Elections Department.

Richard welcomed Sam Schwalm as a new member to the PSWID Board. Sam met briefly with Dan Torrens PSWID legal counsel to review his responsibilities such as Open Meeting Law review in preparation to starting his term on January 1, 2013.

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

No speakers identified for non-agenda items.

9) NEW BUSINESS

- a. Discuss and take possible action related to the District expense incurred resulting from the water service interruption in June (2012).

Gary opened the discussion by explaining to attendees that anytime the District incurs emergency expenses such as incurred as a result of the water service interruption this past June, the Board must read into the meeting minutes and ratify the expenses that occurred. The total expense associated with the emergency service interruption was \$174,103.39. The expense breakdown was:

Facility (MRW #1, Strawberry Hollow)	\$62,442.30
Critical Equipment Backup (pumps, motors)	36,682.97
Monitoring Equipment	1,964.53
Water Hauling	21,795.74
CH2MHill Emergency Billing (to pay in 5 installments)	<u>51,217.85</u>
Total	\$174,103.39

Motion – that the Board ratify these emergency expenses - Gary

Second – Mike Greer

Board discussion followed to confirm expense amounts.

Vote – 6 – 0 Motion approved.

Sam Schwalm asked a question related to how the total emergency expense might be handled and how it would be assigned to fiscal year budgets.

Gary explained that the CH2MHill expenses would be expensed as each installment was paid. Additionally, due to the comprehensive nature of the CH2MHill experts analysis of the potential problems, we learned a lot about our system, and may be able to cut the future anticipated expense for a Master Plan. As we progress through the fiscal year we will have to adjust line item expenses where appropriate to stay within the approved FY 2012-13 Budget. Beckie explained further that a portion of the expense would be applied to this fiscal year, and a portion to next fiscal year depending upon when the expense occurred.

10) CALL TO ADJOURN

Motion to adjourn – Richard

Second – Mike Greer

Vote 6 – 0 Meeting adjourned at 6:32PM

Reports Available directly from PSWID by request for September 13, 2012

1. *File # PSWID – Financial Report - PSWID– 09/13/2012*
2. *File # PSWID – District Manager Update – Brad Cole – 09/13/2012*

DRAFT