

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Meeting
Thursday, September 21, 2017 at 6:20 p.m.
PSWID Administrative Office
6306 W Hardscrabble Rd.
Pine, AZ 85544

1. CALL TO ORDER

Maher Hazine called the meeting to order at 6:20 p.m.

2. PLEDGE OF ALLEGIANCE

Led by Maher Hazine

3. ROLL CALL OF BOARD MEMBERS

Conducted by Maher Hazine: Board members present: Tom Weeks, Forrest McCoy, Sharon Hillman, Maher Hazine, and Larry Bagshaw. A quorum was present.

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

July 20, 2017: Sharon Hillman moved that the minutes be approved. Bob Arbuthnot seconded the motion. The motion was approved unanimously.

August 17, 2017: Tom Weeks moved that the minutes be approved. Sharon Hillman seconded the motion. The motion was approved unanimously.

5. REPORTS TO THE BOARD

A. Chairman's report– CH2M received our response about the termination of services. They have asked for a meeting to finalize the agreement. The meeting will be held next week. EUSI Task 2 has been delayed since we are still waiting on some information from CH2M. A letter of resignation from the board was received today from Rus Brock. Rus was thanked for his service to the District. A posting of the board member vacancy will be posted on the website.

B. Treasurer's report – As posted to the website.

C. Secretary's report -None

D. District Manager's Report –The customer service manager has updated the website with the current rate schedule, the application for service, job application, job descriptions, and well production report. She is working on a database for the costs savings for the new APS rates compared to the old rates.

Greg Smith has had a total of 27 customer service issues were referred to the District Manager for resolution since 3/16/17, and 24 of those have been closed. The district staff has completed the conflict of interest forms and they have been forwarded to the Auditor General. The accountant position has been filled by Jodee Smith. Her official start date is October 3. The field staff openings were posted internally and 5 applications were received. Offer letters were tendered, but only one verbal acceptance was received. The rest of the staff declined the offers. The field staff positions have been posted in the Payson Roundup and to various

professional publications and websites. The first review of the applications will occur in mid-October. Greg, Smith, Bob Arbuthnot, and Paul and Kris Hendricks of EUSI met with several managers at CAP to discuss their maintenance excellence and how they reached it. Staffing, equipment, regulatory coordination, and vendors that will be needed in order to self-perform were also reviewed. The progress of the WIFA loan application was also reviewed.

6. CONSENT AGENDA

- a. Support Services Committee – None
- b. Water Enhancement Committee – Met on August 31. Their minutes are posted to the website and their recommendations are item 9 I on the agenda.
- c. Customer Service Issues Update - None
- d. Contract Field Manager's Report –As posted to the website.

Larry Bagshaw moved that the above items in the consent agenda be approved. Sharon Hillman seconded the motion. The motion carried unanimously.

7. CALL TO THE PUBLIC

There were no comments.

8. OLD BUSINESS

I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING EUSI TASK ORDER 2.

Presented by Maher Hazine. PSWID survived the peak summer season in good shape. EUSI is recommending that PSWID purchase Maintenance Connection for the inventory management and maintenance management. The programming will be available for a reduced rate as we are an existing customer through CH2M. PSWID will need to secure and develop its own safety program. Several sources offer safety programs and training. EPS is also recommending that the district use the mapping software that is used by our engineering firm, EPS. The software is already on PSWID's system. EUSI is also willing to assist in transfer of the data from the CH2M computer system. They are also reviewing various business processes for office and field activities from other utilities in order to help the district achieve our "Best Practices" goals. EUSI is behind four months in completing task order 2 due to delays, but has not invoiced PSWID for those months.

II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING PROPOSED UPDATES TO FY 18 BUDGET TO REFLECT THE DISTRICT'S SELF-PERFORMING FIELD OPERATIONS STARTING DECEMBER 1, 2017.

Presented by Sharon Hillman. Sharon reallocated several budget items to reflect the changes in expenditures and revenues due to becoming self-performing, tax

recalculation, and capital improvement project recalculations. The revenue and expense amounts remain the same as filed with the county at \$4,637,000. Decreases were made in the Capital Projects, Property Tax Levies, and Contract Services for Labor. Increases were made to offset the decreases in misc. revenues, grants, operation and admin expenses. Some discussion ensued. Most of the board was in favor of accepting the changes now instead of holding off on making them. Larry Bagshaw moved that the board accept the proposed budget changes. Forrest McCoy seconded the motion. The motion carried unanimously.

- III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE STATUS, PRIORITIZATION, AND FUNDING OF CAPITAL PROJECTS.** Presented by Greg Smith. Milk Ranch wells 2 and 3 will be put into normal operation if the testing proves that the wells are fine. Well 1 has high mercury levels which may be caused by equipment in the well. It will cost \$10,000 to \$15,000 to remove and replace the pump and purge the water from the well. The purged water cannot be put into Pine Creek. It will have to be put in a tanker and a place found that can accept it. If the mercury levels clear after the purging, the well will be put into operation. If the levels do not clear, the well will be shut down. The Magnolia – Ralls water main installation will be awarded next week to one of the two quotes received, but the connection to the Magnolia line will be delayed until ADOT issues the permit for the work to be performed. Also as part of this a VFD will be installed so the switch to fill the K2 Tank will not have to be manually turned on or off. The Circle Drive water main replacement and the Strawberry View I tank replacement projects have been approved by ADEQ and these will be going out for bid next week. The bid announcements will include a note that the award for the projects will be contingent on receiving a WIFA loan. The Strawberry Hollow 3 well rehab should be finished in the next few weeks.

9. NEW BUSINESS

- I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE REPORT AND RECOMMENDATIONS OF THE WATER ENHANCEMENT COMMITTEE REGARDING WATER SHARING AGREEMENTS, THE RATE PAID, AND THE TERM OF THE AGREEMENTS, AND THE BASIS FOR DETERMINING THE RATES.** Presented by Greg Smith. The committee made three recommendations to the board. The first is to change the district's Rules and Regulations Article VII Section 1.2 #1 to read "Prices will be based on the rate established by the Producer Price Index for Utilities. Price will be based per 1,000 gallons of water. This rate will be reviewed annually." The second recommendation is to raise the water share pay-out rate from \$1.00 per 1,000 gallons to \$1.02 per 1,000 gallons effective January 1, 2018. The third recommendation was to adjust the contract dates so the expiration dates are

staggered. The dates for Melissa Day Johnson and Solitude Trails Water Improvement District will be effective from January 1, 2018 through December 31, 2022. The dates for Wilkie McKnight and Travis Stodgehill will be effective from January 1, 2018 through December 31, 2021. Larry Bagshaw moved that the recommendations be approved. Sharon Hillman seconded the motion. The motion was approved unanimously. Sam Schwalm mentioned that the committee should look at whether wheeling fees should be charged as part of the agreements.

II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING ANNEXING VARIOUS PARCELS IN THE HARDSCRABBLE MESA AREA INTO THE PSWID BOUNDARY AT THE PROPERTY OWNERS' REQUEST. Presented by Greg Smith. Robert and Sally Randall requested that PSWID add parcels 301-02-002N and 301-02-002C to the district's boundaries. One parcel is owned by them and the other by Pine Holdings (Payson Concrete) which they control. These parcels were not included when PSWID annexed 10 other parcels on Hardscrabble Mesa on February 18, 2016. The parcels that they are requesting be added are not currently being served water by the district, but are capable of being served due to the existing water line in the area. After a brief discussion that the board was missing some information about the parcels, including the background of Pine Holdings and who was authorized to request the annexation, it was suggested by Forrest McCoy that this be tabled until more information is received.

III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING ESTABLISHMENT OF PROTOCOLS AND PROCEDURES FOR BOARD GOVERNANCE. Presented by Maher Hazine. Maher requested that the board adopt the Board-Manager form of Governance and work with the District Attorney to revise the District's Rules and Regulations to reflect this change. It would require the adoption of a Board Charter which would require the board members to go through the District Manager to address or give any orders to any subordinate of the District Manager (i.e. any district employee). Sam Schwalm suggested adopting rules of etiquette instead. Greg Smith thought that this is what he had when he accepted the job of District Manager. After some further discussion, Forrest McCoy requested that this be tabled and discussed further in executive session with the District Attorney. Maher will schedule the meeting.

10. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTORS MEETING ON OCTOBER 19, 2017.

- a. Executive session for item 9 III.
- b. Annexation of properties on Hardscrabble Mesa
- c. WIFA loan update.

11. MOTION TO ADJOURN. Forrest McCoy moved the meeting be adjourned. Sharon Hillman seconded the motion. The motion carried unanimously.