

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

MINUTES

Regular Board Meeting, Thursday, November 14, 2013

1) CALL TO ORDER

Pine-Strawberry Water Improvement District meeting was called to order at 6:00PM by
Ray Pugel – Chairman

2) PLEDGE OF ALLEGIANCE

3) ROLL CALL

Board Members Present:

Gary Lovetro
Ron Calderon
Sam Schwalm

Tom Weeks
Mike Claxton
Richard Dickinson

Ray Pugel

There was a Quorum – 7 Board Members present.

Also Present:

Brad Cole – CH2MHill District Manager
Beckie Sigeti – CH2MHill Accounting Mgr.
Dan Torrens – District Legal Counsel
Fair Yeager – CH2MHill
Dennis Burrell – CH2MHill

4) APPROVAL OF MINUTES

a. Regular Meeting September 12, 2013

Motion to approve Regular Meeting minutes – Ron

Second – Gary

Vote – 7 to 0 Minutes approved.

5) FINANCIAL REPORT

Ron Calderon presented the financial report (cash flow statement) for the period ending September 30, 2013. Cash flow in was \$174,446.73. Cash out for the period was \$255,826.20. This resulted in a net cash flow of (-)\$81,379.47 for the period. Net cash flow YTD is (-)\$188,529.90.

Total Bank Balance(s) as of September 30, 2013 in the Restricted Account was \$612,004.85. The Non-Restricted Account was \$122,190.35 resulting in Total Bank Balance of \$734,195.20. The entire financial report will be posted on the District web site. Final FY reports will be available when FY Ending accounting requirements have been completed.

6) 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 November 8 the program is 77.2% complete. 2,471 meters replaced.

Milk Ranch Well(s)

Construction and engineering work has been completed at MRW #3 site. APS will now install electric for transformer and do electrical equipment test.

Leak Detection Survey

Program is complete finding more than 51 leaks that could amount to 12.5 million gallons of water lost. CH2MHill will systematically fix leaks.

300K Tank Repair

RFP documents are almost complete. The work will be awarded and completed over the winter.

Operations

Brad updated issues related to filter at MRW #1. ADEQ has not yet issued the DeMinimus permit, but has verbally authorized discharge from all MRW's and SHW into Pine Creek. The planned and approved installation of a ten micron filter is not recommended by the District Hydrogeologist and District Manager. Due to particle size of sediment (98% less than 10 microns) the filter is judged to be ineffective. More expense for a finer filter was also discouraged due to infrequent episodes of sediment discharge. A "turbidity meter" with automatic discharge into Pine Creek is recommended and considered the best solution.

Brad discussed coliform bacteria and the relationship to e.coli. He pointed out that the SH3 well was known to test positive for coliform bacteria but negative for e. coli as early as December 28, 2012. The well was taken off line and no water distributed from it into the system. Discussions with ADEQ advised that the District was not required to notify the public since the well was off line and created no danger to the public. Therefore there was no need for public alarm. The well has been super chlorinated and treated, but continues to remain off line. As recent as July, 2013 the District has received 4 consecutive negative test results for coliform bacteria and e. coli. We are awaiting direction from ADEQ on when to put the well back on line. (See District Manager Update for details).

Pam Mason (Blue Card)

Ms. Mason asked how many RFP's went out for the 300 tank rehabilitation. Brad indicated that since it went out to the public bid, it was not possible to determine how many responses the District would receive. She also asked what volume of water would be wasted during water flush to waste procedure. Given the degree of turbidity at any given time Brad indicated he could not make an estimate. (If the water had a high degree of turbidity the District as well as the public would not want that water pumped through the system until clean).

7) BOARD MEMBER REPORTS

Richard shared excerpts of an article from the Payson Roundup to compare the costs and solutions to water issues impacting residents of Mesa Del Caballo as compared to the situation in Pine/Strawberry. He pointed out that Pine/Strawberry has 4 deep wells for future water resources costing the community approximately \$1.5 million total compared to an estimated cost to drill ONE well in Mesa Del for over \$860,000. Yes there was an increase in water rates and taxes to support necessary repairs to the system in Pine/Strawberry, but the residents of Mesa Del face paying \$1.2 million for a pipeline and face a predicted 118% rate increase and \$7.55 per month surcharge. It is estimated that their water rates will double or triple year round going forward.

Ray reflected on how long he had been involved in trying to find solutions to local water issues, and suggested reading an article from the New Times in Phoenix in 1966 entitled "Tapped Out." Ray also reminded attendees that information related to the SH3 well being distributed by the Recall Committee is false and inaccurate. He then read a letter addressed to him from the State Attorney General discussing past action he and the other members of the PSWID Board took to prevent Mr. Schwalm from violating the Arizona Open Meeting Law.

Gary reported that there were still 10 complaints outstanding at the Attorney General related to Arizona Open Meeting Law violations by Mr. Schwalm.

8) OLD BUSINESS

- a. Discuss and take possible action related to the (a) proposed CH2MHill Master Plan for the District and (b) the proposed CH2MHill Master Plan as included in a contract renewal between CH2MHill and the District.

Fair Yeager, CH2MHill engineer, and Dennis Burrell CH2MHill, presented an overview of the PSWID Master Plan and the CH2MHill proposal(s). The Board discussed and evaluated the proposals.

Motion - to approve the discounted version of the Master Plan with the extended renewal and the third amendment to the agreement – Gary.

Second – Ron

Vote 7 for 0 against- Motion passed.

- b. Discuss and take possible action related to filtration needs at the MRW site.

Attendees were advised to check the District web site, PSWID.org to read a "white paper" submitted by the District Hydrogeologist, Chuck Dickens, and watch a video discussing the deep well development process and recommendations for filtration. Brad and Chuck Dickens did not recommend installation of the previously discussed and approved ten micron filter. A "turbidity meter" was recommended instead.

Motion – to allow Brad to move forward with turbidity meter (option 2 flush to waste) – Ron

Second – Gary

Board Discussion.....

Amended motion – approve \$46,000 (\$6,000 more than original amount) to install valves on MRW 1 and MRW 2. – Ron

Second – Gary

Vote 7 – 0 Motion passed.

c. Discuss and take possible action related to the Leak Detection Project and WIFA grant.

Brad advised the Board that we had begun work on the Leak Detection Project before we applied for the WIFA grant which made us ineligible for the grant.

d. Discuss and take possible action related to projects for WIFA loan applications.

Brad identified two projects that the District could apply to WIFA for loans. He discussed parameters of each project; Brookview Terrace Well #1 and the Strawberry View Tank #1. Cost estimates were provided and discussed. Brad was optimistic that the loan application process could start about April next year. The Board also discussed being able to use the Bond issue added to the new FY Budget for funding. Beckie indicated that Bond funds could not be used for WIFA loans because the Bond was not identified for that purpose.

There was further discussion related to cost and funding these projects. Brad suggested that fixing Brookview Terrace Well #1 should be addressed first.

There was no further action taken on WIFA loans at this time.

9) NEW BUSINESS

a. Discuss and take possible action related to the Annual Accounting Report from the auditor.

Beckie presented the findings of the District auditor via ppt presentation. The auditor report was completed September 20, 2013 for the FY ending June 30, 2013. (Auditor Report available upon request).

Forrest McCoy asked for the status of the "Greer" incident. Dan Torrens responded that the District had not received any communication regarding the issue.

b. Discuss and take possible action related to the PSWID Board meeting schedule for 2014.

Motion – to approve Beckie posting the PSWID Board meeting schedule for 2014 on the District web site. – Gary

Second – Richard

There was discussion.

Motion – to direct Beckie to post the 2014 meeting schedule and to move the meeting scheduled for November 2014 to November 12, 2014 to accommodate the Thanksgiving Holiday. – Gary

Second – Ron

Vote 7 – 0. Motion passed.

c. Discuss and take possible action related to contract renewal for CH2MHill.

No further action taken.

d. Discuss and take possible action related to development of a Water Subsidy Program.

Beckie presented via ppt a Water Subsidy Program designed to financially help water customers at the poverty level pay their water bills. The program would be for full time residents without second homes and start January 1, 2014. There would be an application process requiring proof of income and auto payment would be required.

The Board discussed how to fund the project, cost, and need to update the District Rules and Regulations document.

Motion – to approve the Water Subsidy Program – Ron

Second – Mike Claxton

Vote 4 yes 3 no. Motion approved.

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

Cindy Maack offered comments in support of the Board and accomplishments.

Raylene Davis supported the Board and suggested how water issues had improved since acquisition from Robert Hardcastle.

Fred Krafczyk was disappointed in how the community was fractured in spite of the positive accomplishments of the Board.

Pam Mason continued to overlook any positive accomplishments of the Board, and focused on negative issues dating back to the last recall of the previous Board in 2007.

11) CALL TO ADJOURN

Motion to adjourn – Tom

Second – Ron

Vote 7 – 0 Meeting adjourned at 8:06PM.

Reports Available directly from PSWID by request for November 14, 2013

1. *File # PSWID – Financial Report - PSWID– 11/14/2013*

2. *File # PSWID – District Manager Update – Brad Cole – 11/14/2013*
3. *File # PSWID – CH2MHill Master Plan and Contract Renewal – 11/14/2013*
4. *File# PSWID – Deep Well Development – Chuck Dickens – 11/14/2013*
5. *File# PSWID – Annual Accounting Report – PSWID Auditor – 11/14/2013*
6. *File# PSWID – PSWID Board Regular Meeting Schedule for 2014 – 11/14/2013*
7. *File# PSWID – Water Subsidy Program – PSWID – 11/14/2013*
8. *File# PSWID – Open Meeting Law Letter – AZ. Attorney General – 11/14/2013*

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