

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**BOARD OF DIRECTORS MEETING**

**Thursday, November 20, 2014 at 6:00 pm**

**PSWID Administrative Office**

**6306 W. Hardscrabble Road**

**Pine, AZ 85544**

**I. CALL TO ORDER**

Tom Weeks called the meeting to order at 6:04 p.m.

**II. PLEDGE OF ALLEGIANCE**

Led by Tom Weeks

**III. ROLL CALL OF BOARD MEMBERS**

Conducted by Tom Weeks. Board members present: Tom Weeks, Rus Brock, Trent McNeeley , Richard James, Don Smith, Paul Randall and Larry Bagshaw. A quorum was present.

**IV. APPROVAL OF MINUTES**

October 16, 2014 Meeting: Richard James moved that the minutes be approved. Don Smith seconded the motion. The motion passed unanimously.

**V. TREASURER'S REPORT**

Presented by Rus Brock. The report is located on the PSWID website.

**VI. BOARD MEMBERS REPORTS**

- A. Support Services Committee Report: Rus Brock reported that the committee had not met since the last board meeting.
- B. Water Enhancement Committee Report: Don Smith reported that the committee had tried to meet on Nov. 19. They did not have a quorum, so there was no meeting.

**VII. CH2M HILL MONTHLY REPORTS Presented by Brad Cole**

- A. Repair Order Status: Repairs are current. Richard James asked how many of the meters that were replaced were new ones and how many were old ones. He also asked how many meter leaks were due to cutting the new meters. Tom Weeks asked if the number of repairs was staying the same over the last 4 years.
- B. Well and Tank Report: 8,302,636 gallons of water was produced in October. 161,000 gallons were sent to Strawberry. Tom Weeks asked what the status was on the changes on the chlorine administration. Brad Cole said it was just waiting on ADEQ approval. Richard James asked how long it would take after approval to implement. Brad

responded that it would be done by May. Richard then asked if it would be accomplished more quickly by contract labor and Brad responded that it would.

- C. Vehicle Report: One vehicle required repairs. Fuel costs were \$1561.26.
- D. Well Test Report: The total coliform testing for October showed that all samples were absent of coliform and e. coli. The tests for disinfection by-products at Pine Ranch 1 and White Oaks Glen, toluene testing at the Tank Farm, and radionuclides at the McKnight well were all below the MCL. The November tests due were the monthly coliform tests.

## **VIII. CUSTOMER CORRESPONDENCE**

Larry Bagshaw read a letter the board received from Edward and Joanne Bahr regarding the high water pressure at their house. It was about 120 PSI most times and blew out their regulators and damaged their water heater. They requested reimbursement of \$923.90 for the cost of repairs. Brad Cole was requested to look into reducing their water pressure and report to the board in December about what could be done. Richard James asked if water pressures needed to be kept as high in the winter.

## **IX. CALL TO THE PUBLIC**

Windy Quinton asked about the repairs on Spruce and Juniper in Strawberry. The culvert and ditch belonging to their neighbors was still not repaired after 2 weeks. The break on Eagle was still dug up and cones out. Richard James commented that there were 3 repair sites that had not been cleaned up. Jim Quinton voiced his concern as to why valves were not installed to isolate the leaks instead of cutting off everyone's water. Tom Weeks said that he had already asked Brad Cole to install valves.

## **X. REGULAR AGENDA ITEMS**

- A. Information/Discussion/Action regarding the cost of tank replacement with tanks that are not steel. Presented by Brad Cole and Ric Hawthorne. Ric Hawthorne had Gary McFall from Loomis Tanks as a guest so he could answer questions after the powerpoint presentation. Ric reported that fiberglass and polyethylene tanks are now standard and are considerably cheaper than steel tanks. There were questions raised about the number of bids required. Brad Cole replied that 2 were required. Questions were also asked about where fiberglass and polyethylene tanks were being used, the availability of fittings for the tanks, if they needed wind protection, if they met all state and federal requirements. Pam Mason asked how long it would take to get them. Gary answered 4-6 weeks. Trent McNeeley asked if they had ladders. Gary responded that they could add anything that ADEQ required. Don Smith, Rus Brock, and Richard James all wanted to move on getting polyethylene tanks. Tom Weeks asked Brad to put all the 4 tanks we needed to replace out for bids for polyethylene tanks.

- B. Information/Discussion/Action regarding the request from Brad Cole to purchase water level controls for tank telemetry from LevelCon. The water level controls we had were made obsolete when technology replaced 2G monitoring with 3G monitoring. LevelCon offered reduced pricing for the district to resubscribe with them for 3G monitoring. Since the end of the monitoring, CH2M Hill has had to physically send employees to check the water level in the tanks. So we would have manpower cost savings. There would be no installation costs. Rus Brock moved that Brad Cole put the water level controllers out for bid. Richard James seconded. The motion carried unanimously.
  
- C. Information/Discussion/Action regarding the request from Dale Oestermann, a realtor, to not place liens on property for delinquent water bills on rental property. Our attorney Doug Brown commented that PSWID needed to contact the owner of the property and have him sign the application for the lien. Beckie Sigeti read the district rules and regulations regarding liens. Concern was expressed as to how to work around absentee property owners. Ric Hawthorne suggested a collection agency. Maher Hazine stated that collection agencies have quite a cost to use and that a higher deposit on rental properties would be more viable. Mr. Oestermann suggested making deposits \$200-250. A rate hearing would be required to raise the deposits. Jim Quinton said the responsibility should fall to the owner. Ryan Peters suggested changing the delinquent period to 45 days. Richard said that would require changing the by-laws. No agreement was reached. Rus Brock said that he and Beckie would look into the issue further.
  
- D. Information/Discussion/Action regarding the request from Beckie Sigeti to change the depreciation schedule on pumps and motors from ten years to five years. Due to the necessity of replacing pumps and motors in 2-3 years, Beckie requested a shorter depreciation period for future accounting. Richard James said that new pumps should be on a shorter schedule. The warranty on new pumps was for only one year. Larry Bagshaw suggested that the depreciation should only be for two years. Brad Cole suggested that the booster pumps and well pumps be differentiated in the schedule. Richard James moved that the board approve a 3 year depreciation schedule for all pumps. Larry Bagshaw seconded the motion. It was approved unanimously.
  
- E. Information/Discussion/Action regarding the request from Brad Cole about the disposition of the hydropneumatic tanks that are no longer in use. There are two 2000 gallon tanks and one 1000 gallon tank. After a brief discussion, Rus Brock moved that the tanks be disposed of for the highest possible value. Don Smith seconded the motion. It was approved unanimously.
  
- F. Information/Discussion/Action regarding the request from Bob Bennett, the owner of the Brookview Terrace well site, to split out that piece to the PSWID

and have Mr. Bennett quit claim deed the piece of land over to the PSWID. Mr. Bennett indicated that he would like the PSWID engineering or legal team craft the documents. He no longer wants to pay the property taxes on the site. Brad Cole will present this. Richard James commented that the property owners around the site had water damage to their property from a major storm and not all agreed to share the repair costs. This could occur again, costing the district. Tom Weeks wondered if it was a county roads issue. Brad Cole commented that a storm drain runs through the property. Any damage would cost between 1 to 5 thousand to fix. The board decided it was more a property tax issue and that Mr. Bennett should work with the county assessor to obtain a tax adjustment. Don Smith moved to table the issue. Richard James seconded. It was approved unanimously.

- G. Information/Discussion/Action regarding PSWID receiving the deed for Lot 71. Brad Cole reported that nothing had been received back yet.
  
- H. Information/Discussion/Action regarding the System Evaluation Report and Vulnerability Assessment. Presented by Brad Cole. Brad reported that the System Evaluation was very similar to the Water Master Plan, but could be used to obtain grants to upgrade the system. The Vulnerability Assessment if made public would tell how the system could be sabotaged. It requires the formation of an Emergency Response Plan. Tom Weeks appointed a committee of two board members to review both and prepare an ERP. Trent McNeeley would be the chair and Rus Brock the committee member. Both reports are available to the board members and are locked in Brad Cole's safe.
  
- I. Information/Discussion/Action regarding the amendments to the CH2M Hill Contract. Gary Young of CH2M Hill said that the proposed 2% rate increase was reasonable. The amendment for the \$55 per hour overtime fee for tank monitoring will be removed due to the approval for telemetry. Rus Brock asked why we paid for rebatables and asked what was the advantage of having them. The district loses the visibility of the cost of repairs. Gary Young said we could have a report or the board could get the repair bills and pay directly. Rus asked why we were paying late fees on the bills and if we could be repaid the late fees. Gary said he would try and that the fuel and vehicle repairs could also be billed directly if CH2M Hill was given a district credit card. Richard James asked if the vehicles had actually been inspected and if Gary would inspect them? Richard was of the opinion that they were being treated as disposable objects. He stated that the board had requested sign-out sheets for the vehicle use and had not received them. Richard also stated that changing out all the water meters at one time was unwise. Meters are now our highest repair problem, and asked why were there still old meters being replaced. He also asked why meter re-reads

were taking up to one week. He also stated that the October executive session information was leaked to the public within two days. He also stated that the board needed all the work orders, not just those on private property. The board also needed the ones for public property. He suggested that the work orders be numbered. Gary stated that procedural changes must be part of the amendments. Rus asked why the office hours were 8 to 5 in the contract, but posted as 8-4:30. Beckie commented that people were in the office until 5:30. Rus and Richard both asked if the open holes where repairs had been made should have been covered to meet OSHA standards and that all safety procedures should have been followed. Rus asked why purchase orders were not prepared until the bills were received. He also stated that the invoice for the rebatables had not been paid since we had not received an itemized statement, just a total. Gary was also asked if he had been in the field office. The inventory control and housekeeping was not acceptable. Rus had read the Prescott Valley contract and noted that their contract had more accountability for performance and procedural issues. Richard asked if we could renegotiate for a one year contract instead of a 5 year contract. Gary responded that it would be possible, and that he or others would be responsible for the negotiations.

Tom Weeks commented that Gary and Brad could tell by the tone of the meeting that the board was not happy with the conduct of the CH2M Hill employees in the field and in their work. The inventory was deficient, requiring 3-4 trips to Payson a day, and going out unprepared for the day's jobs. They were playing catch-up all the time wasting time and money. Windy Quinton asked how much time Brad really spent in the field overseeing/supervising the work. Trent McNeeley wondered why they were not hiring/advertising locally. Gary stated that all hiring went through HKA, a temp agency, and that they screened all applications. He was asked why people that inquired at the office were not given an application package. Larry Bagshaw commented that the letter he summarized in October suggested more close supervision of the employees, maybe even an efficiency audit.

Rus is willing to meet with Gary about the contract. He had already been working on revising the contract. He also stated that we needed an independent accounting, not their employee as an accountant. Gary said until a new contract was signed that business would continue as usual. Pam Mason responded that this is not what we want. Rus said he would continue to work on the contract and would like to have a board meeting in December to work through his revisions. Trent suggested we look to see how we could reduce our rates or see how we could save money. Rus stated that of the budget CH2M Hill took 1/3 and the loan took 1/6 which totaled half of our working capital. This must change if PSWID would be able to make the necessary changes to the infrastructure.

**XI. ADJOURNMENT**

Rus Brock moved to adjourn. Larry Bagshaw seconded. The motion carried unanimously.