

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Special Board Meeting

Thursday, June 8, 2017 at 6:00 p.m.

PSWID Administrative Office

6306 W Hardscrabble Rd.

Pine, AZ 85544

1. CALL TO ORDER

Maher Hazine called the meeting to order at 6:15 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, Bob Arbuthnot, Rus Brock, and Larry Bagshaw. A quorum was present.

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

April 27, 2017: Forrest McCoy moved that the minutes be approved. Sharon Hillman seconded the motion. The motion carried with Rus Brock abstaining since he was not present at the meeting.

May 18, 2017: Rus Brock had a question as to whether item 8 III had a motion made to approve the RFP. Approval of the minutes was postponed until the June 15 meeting so this could be researched.

5. REPORTS TO THE BOARD

- A.** Chairman's report— Maher, Greg Smith, and Paul Hendricks were meeting with WIFA tomorrow at 11 a.m.
- B.** Treasurer's report – None
- C.** Secretary's report – None
- D.** District Manager's Report –There was an action taken on a personnel matter.

6. CONSENT AGENDA

- a. Support Services Committee – No meeting
- b. Water Enhancement Committee – No meeting
- c. Customer Service Issues Update - None
- d. Contract Field Manager's Report –None
- e. Appointment of a Chair and Members to the Support Services Committee. This was pulled from the consent agenda. Tom Weeks moved that Forrest McCoy be appointed the committee chair. Larry Bagshaw seconded the motion. The motion carried unanimously. Forrest McCoy moved that Windy Quinton, Pam Mason, Sam Schwalm, and Sharon Hillman

be appointed committee members and that Greg Smith be appointed as an advisor to the committee. Rus Brock seconded the motion. The motion carried unanimously.

7. CALL TO THE PUBLIC

None.

8. OLD BUSINESS

I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING EUSI TASK 1 FINAL REPORT AND RECOMMENDATIONS.

Maheer Hazine. The draft was revised after comments and feedback from the board. Rus Brock suggested that the cover have the final change date on it. Maheer also suggested that the date of board approval be on the cover. The final report will be posted to the web site. Tom Weeks wanted it noted that the equipment prices on the report were for new equipment and would not necessarily be the price the district will pay or spend. Rus Brock moved that report be approved with the changes. Larry Bagshaw seconded the motion. The motion carried unanimously.

II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING EUSI TASK 2

AUTHORIZATION AND NOTICE TO PROCEED. Maheer Hazine. The scope of task 2 was reviewed and revised on 5/31/2017. Items A-D of the task are essentially the same, but were clarified with deliverables. Items E-H were added to task 2. Items A-D should be done within one month and include a survey of wells, storage tanks, inventory, safety, and a survey of computer software. It will cost \$8290 and will provide overall long range suggestions. It will help the district move from a reactive mode to a proactive mode. Bob Arbuthnot moved that the district proceed with task 2 items A-D. Larry Bagshaw seconded the motion. The motion carried unanimously.

Items E-G will take another month. It includes recommending a computerized maintenance management and mapping software programs and an electronic transfer of files from CH2M to our system. This would cost another \$8290 without the cost of the software which is yet to be determined. The items as now proposed include the word "purchase". Larry Bagshaw moved that items E-G be approved with the deletion of the word "purchase". Tom Weeks seconded the motion. The motion carried unanimously.

Item H was suggested by Bob Arbuthnot and is setting up a system of best practices for field maintenance for the district. It would specify what tasks

would be done by who, what, and when. It would include flow charts. This task would cost \$16,580 and would take another two months to achieve. Bob Arbuthnot moved that item H be approved. Larry Bagshaw seconded the motion. The motion carried unanimously.

III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING PSWID'S POSITION RELATIVE TO EXERCISING THEIR RIGHT TO RENEW THE AMENDED AND RESTATED AGREEMENT FOR OPERATIONS, MAINTENANCE AND MANAGEMENT SERVICES WITH CH2M AND THE DISTRICT'S RESPONSE TO CH2M's RESPONSE TO BOARD'S 2015-2016 PERFORMANCE REVIEW. Maher Hazine. CH2M has not provided any KPI data per the contract during the last two review periods. We are paying \$750,000 annually to CH2M for labor. Does the district want to renew the contract in December? We are still in a reactionary mode with CH2M. We are not getting specifics and finding out about pitfalls in the system. The capital improvement program was stalled under CH2M's management which required the district to hire its own district manager and a new engineering firm. The estimated labor costs would be around \$450,000 annually if the field labor would be taken in house. Sam Schwalm suggested that if we do make that change, that we need to let things settle out for six to nine months. November 30, 2017 is the final notice date for us to tell CH2M that we will not renew the contract; but we should really give them 90 days' notice if we are not renewing. Rus Brock stated that we are way too much in a reactionary mode and that it is too costly to stay with CH2M. We should look at options. Sharon Hillman and Maher Hazine said that we should look at options and look at what is in the best interest of the district. Bob Arbuthnot asked if the board should have a public meeting before deciding what we should do. Tom Weeks stated that the CH2M employees were excellent, but that the issues are mainly dealing with CH2M corporate. We need employee loyalty to the district. We are paying a lot of money for labor and not getting back up support. Tom Weeks moved that the district explore other options for field staff. Bob Arbuthnot seconded the motion. The motion carried unanimously. Greg Smith will define the process and make a schedule and develop pros and cons for each alternative.

IV. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE FISCAL YEAR 2017/2018 OPERATING AND CAPITAL PROGRAM BUDGETS. Greg Smith. The budget is slightly different from the one previously published. The budget will be published again next Tuesday in the Round Up. The cash operating reserve should be \$250,000. Maher will talk to the finance manager at the county and our attorney to see if we can adopt a budget different from the published one.

Greg Smith also presented the board with a capital improvement program for the next 4 years. There are still a few remaining payments from the current

year's programs which should be taken care of within the first six weeks. We are looking at basically 3 funding sources for capital improvements. First is \$468,000 from the budget, second is hopefully obtaining \$1,000,000 in loans and grants for the 2017-2018 fiscal year, and third is from any budget savings realized during the year.

- v. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE STATUS, PRIORITIZATION AND FUNDING OF CAPITAL PROJECTS.** Greg Smith. The flushing permit for the Milk Ranch Wells has been reinstated by ADEQ, but it is for only 3 days at a time twice a year. The district is trying to get a 30 day permit for once a year, but there are concerns from ADEQ about mercury contamination to Pine Creek. They will be testing for that as soon as possible. Circle Drive is still on hold awaiting ADEQ approval of the changes in line size. McClendon and the Wye Strainers are still awaiting certificates of completion from the contractors. Strawberry Hollow 3 well stopped pumping. The well was videoed and the slots where the water comes into the pipe are clogged. Quotes were requested and two companies responded. Greg recommended awarding a contract to Aero Drilling for \$17,428. The project should be done by the July 4 weekend. Tom Weeks moved that the contract with Aero Drilling be approved. Larry Bagshaw seconded the motion. The motion carried unanimously.

9. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTORS MEETING ON JUNE 15, 2017.

- a. Scheduling hearings for the rate, tax, and budget.
- b. Time Frame for changing field staff.

10. MOTION TO ADJOURN. Larry Bagshaw moved that the meeting be adjourned. Tom Weeks seconded the motion. The motion carried unanimously.