

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**BOARD OF DIRECTORS MEETING**

**Thursday, April 21, 2016 at 6:00 pm**

**PSWID Administrative Office**

**6306 W. Hardscrabble Road**

**Pine, AZ 85544**

**1. CALL TO ORDER**

Rus Brock called the meeting to order at 6:00 p.m.

**2. PLEDGE OF ALLEGIANCE**

Led by Rus Brock

**3. ROLL CALL OF BOARD MEMBERS**

Conducted by Rus Brock. Board members present: Tom Weeks, Trent McNeeley, Rus Brock, Larry Bagshaw, and Maher Hazine. Paul Randall arrived at 6:15 p.m. A quorum was present.

**4. APPROVAL OF MINUTES:** Minutes from the March 17, 2016 meeting. Tom Weeks moved that the minutes be approved. Larry Bagshaw seconded the motion. The motion carried unanimously.

**5. REPORTS TO THE BOARD**

- A.** Chairman's report – Presented by Rus Brock. He reported that in the last month he had signed the annexation approved at the last meeting, added a \$100/year endorsement to the district's Officer and Liability insurance policy, allowed the "Firewise" organization to use the district's email server to send out a "Fire wise" email blast, completed the annual update of the Water Administration Organization Roster for the Lower Colorado Region, and had Accounting For You start work on Tuesday April 19.
- B.** Treasurer's report – Maher Hazine went over the treasurer's report that is posted to the website.
- C.** Secretary's report – Larry Bagshaw reported that the board had not received any correspondence that needed to be read.
- D.** District Manager's report – Harry Jones provided the board with a report of the projects he had completed since the last meeting, the projects he had in progress, and a list of projects he wanted to start. This list is posted on the website.

**6. CONSENT AGENDA**

All items listed on the Consent Agenda are considered to be routine or have been previously reviewed by the PSWID Board, and will be enacted by one motion. There will be no separate discussion of these items unless a Board Member so requests; in which such event the item will be removed from the General Order of Business, and considered separately immediately following the consent agenda.

#### **A. ACCEPTANCE OF THE FOLLOWING REPORTS:**

- 1) Support Services Committee Report – No meeting.
- 2) Water Enhancement Committee Report – Pulled per Trent McNeeley.
- 3) Customer Service Committee Report – No report
- 4) CH2M Field Manager Report as posted on the website

Tom Weeks moved to accept the consent agenda items with the exception of the item pulled. Maher Hazine seconded the motion. The motion was approved unanimously.

#### **7. DISCUSSION OF PULLED CONSENT AGENDA ITEMS:**

- A.** Water Enhancement Committee Report – Trent McNeeley commented that most of the water in Strawberry is provided by Water Share Agreements and he would like to see more district owned wells in Strawberry. Maher Hazine commented that he thinks that the supply of water for Strawberry is fine for now and can be looked at in the future.

#### **8. CALL TO THE PUBLIC**

- A.** Margie Russell of Pine presented a situation to the board where she had paid her March bill by check in person at the office, but it had not been credited to her account. The office could not find their copy of the check, and Margie had had to get a copy from the credit union in person, as the office told her that they had never gotten the faxes or email from the credit union. The credit union mentioned to Margie that other PSWID customers have had the same problem. Margie also mentioned that this is the second time this has happened to her. Harry Jones will look into the situation.
- B.** Jim Quinton of Strawberry asked why the district had not yet done the improvements on the access to the well at the Strawberry Ranch. Paul Randall admitted that he had dropped the ball on the culvert installation, and Danny Zamora said they had cleaned up the access. Jim said that he had been there two days ago and the new owner of the property had reported that it had not been cleaned up and that PSWID workers were walking through his yard instead of using the access gate. Paul will follow up on the culvert and the field staff will avoid using the owner's yard to access the well.
- C.** John Sprenger of Strawberry had a complaint about the amount of the required new customer deposit. He had thought the whole \$200 was non-refundable and that the board should consider accepting a letter from prior utility companies that the person had kept his accounts in good standing and thus the required deposit would be waived. It was explained that the deposit was in the by-laws and could not be changed. It was also explained to him that only \$50, the meter fee, was non-

refundable and that the balance of the \$150 would be returned to him less any outstanding charges when the account was closed.

- D. Ira Gibel of Pine, representing the Portals 3 HOA, requested that the district help with the installation of additional fire hydrants in the development. They only had one, and the original plans had called for 17. There are 150 homes served by the one hydrant. He also wondered if the county would also help with the hydrants since they maintained the roads. It was explained to him that the county would not help with the hydrants, and that it would be better for the subdivision to become “fire wise”, than to expend the money for hydrants. Maher Hazine offered to talk to him after the meeting about his request.

- 9. **DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A REQUEST TO ABANDON AN EASEMENT ON PARCEL 301-33-001A.** Requested by Harry Jones. Ricardo Greth of Pine who lives on Bradshaw Drive requested that the district abandon the 12 foot wide public utility easement on his property, as the water line on it had not been used for over 12 years and was also broken. It was repeatedly explained to him that it would not be cost effective for the district to abandon the easement in view of the future looping of water lines as outlined in the Master Plan, and then have to purchase a new easement for future use. He could use the easement, but not build anything permanent on it, and he couldn't build anything closer than 7 feet from the lot line anyway due to county zoning, so he had only 5 feet he could use if the district did abandon it. It was also explained that since it was a public utility easement, he would also have to have all the utility companies in the area also approve the abandonment. It would also cost the district too much to have our engineering company do a study to see if the easement would not be used in the water line looping. The board declined to take any action on the request.

- 10. **REPORT ON THE AVAILABILITY OF ALL WELLS FOR SUMMER SEASON USE.** Presented by Danny Zamora. Danny gave the board a list of the wells in Pine and Strawberry and their current status. It looks like we are good in shape to withstand the higher summer usage demands.

- 11. **DISCUSS AND TAKE POSSIBLE ACTION RELATED TO COMMITTEES AND STUDY GROUPS.** Presented by Rus Brock. The existing committees and study groups were reviewed and some have already served their purpose. Rus recommended that the support services committee and water enhancement committee remain in place and that they must comply with the open meeting laws concerning posting of meetings and minutes. The Emergency Response Plan and Loan Payoff study groups should be continued. The rest of the committees were to be dissolved. The customer service committee will be replaced by Richard James acting as the customer service liaison since he was doing such a great job in that capacity. Maher Hazine moved that the recommendations made by Rus be approved. Larry Bagshaw seconded the motion. It passed unanimously.

- 12. **DISCUSS AND TAKE POSSIBLE ACTION RELATED TO STATUS, PRIORITIZATION AND FUNDING OF 2015/16 CAPITAL PROJECTS.** Presented by Maher Hazine. Strawberry View 1 tank replacement, booster pump, and chlorination plans were reviewed by EPS and they had some recommendations for Verde Engineering. We have yet to hear back from Verde if they will do the changes to the plans. EPS designed a chlorination system that will cost less than \$12,500. The valve installation project is still proceeding and the maps in the office have been updated. The field staff made

recommendations as to where additional valves should be placed and that list has been submitted to EPS for review. This is a project that could be contracted out once the list is final or the CH2M employees could do it. EPS is looking at the sanding issues with the Milk Ranch 1 and 2 wells, to see if we can come up with a way to remove the sand without sending water to waste to clear it. EPS is also working on the Circle Drive – Strawberry Ranch 3 and McClendon Drive line replacement estimates.

- 13. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO HIRING A DISTRICT MANAGER.** Presented by Rus Brock. The district has received 9 applications, of which 6 candidates are qualified and should be contacted by phone for obtaining additional information about them. Rus would like to keep the ads running to see if we can find additional candidates. The board concurred.

- 14. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A RATE AND OR FEE INCREASE EFFECTIVE IN FISCAL YEAR 2016/17.** Presented by Rus Brock. Rus was concerned that the last rate increase was July 1, 2013 and that the district may not be keeping up with the inflation rate. Lower, more frequent increases would be more customer friendly than doing no increase for years and then hitting the customers with a large increase. The costs of the district have increased in the last 3 years, and the base fee just covers those costs even before one gallon of water is produced. He also wanted to acknowledge the rate concerns identified in the recent customer survey and maybe look at incorporating a rate structure that would encourage more conservation and also increase the revenue from the high volume users and commercial users. He proposed a 5 tier rate structure that would replace the current one. However, it would only produce about \$60,000 more per year. Board members expressed their concerns about our current rate structure and that the public thinks it is already too high. The majority of the board concurred that they do not want to raise the rates or adjust the rate structure.

- 15. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A PLAN TO PAY OFF THE SYSTEM PURCHASE LOAN.** Presented by Maher Hazine. Maher detailed the loan that was taken out last summer. It was refined for 10 years for \$6.4 million at 3.5%. How do we pay it off by 2025 or we will have a balloon payment due for 2.8 million at that time. We could possibly refinance at that time, depending on what the market is doing, or we could look at paying it off entirely by that time. It would take about an additional \$200,000 annual payment to pay it off. We could either add \$5 to the base water rate, or increase the current tax rate from 1.048% to 1.45% during the next 10 years. Board members and the public expressed their opinions that by increasing the base water rate, that the levy would not be fair to everyone, as those that owned vacant land with no hook-up would not have to contribute to help pay off the loan, where as an increased tax levy would be charged to everyone. It was agreed that this would be looked at by the board again during the budget preparation meeting to be held soon and would have to be included in the budget and rate hearings in June.

- 16. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO OFFSITE BACK UP OF COMPUTER FILES.** Requested by Harry Jones. Harry found out that the district had no off-site back up of the district's files. He asked our computer technician for recommendations and was given a recommendation of one that would cost \$1068 annually. Maher Hazine moved that the district add offsite back up for \$1068 per year. Larry Bagshaw seconded the motion. It was approved unanimously.

- 17. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO PSWID ADMINISTRATIVE OFFICE LEASE OPTIONS.** Presented by Maher Hazine. The current lease is up at the end of June. It is a five year

lease. Maher had looked at other available properties in town and the only one that might suit our needs would be the former Sunny Mountain Realty office. He asked the current property owner that we are leasing from about paving the driveway and parking lots, about wiring upgrades, exterior paint, and reducing the rent on the storage unit. The owner was willing to paint the building, pave the driveway and front parking lot, and allow us to erect our own storage building on our part of the property. He would not upgrade the wiring. The rent would remain the same.

The Sunny Mountain building rent would be about half of what we are paying. The owner will install double pane windows on the building. We would need to modify the building for a reception area, but the parking lot in back and driveway would not be paved. There would be no space for a meeting room and we would have to arrange a place to meet. There was concern expressed about increased costs for propane due to the age of the building and a lack of handicapped parking and access to the building.

The board agreed that the savings of using the other building probably would be eaten up by the additional utility, wiring, moving, and meeting rental costs. The offices will stay in the same location

**18. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON May 19, 2016.**

The district will hold a budget meeting next Wednesday, April 27 at 5 p.m. The budget, capital projects, rates, and loan payoff will be discussed. Trent mentioned that we will need to reserve the community center for the rate and budget hearings.

Maher Hazine would like to discuss the new lease at the May 19 meeting.

**19. ADJOURNMENT**

Tom Weeks moved to adjourn the meeting. Paul Randall seconded the motion. The vote was unanimous in favor of the motion.