

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

BOARD OF DIRECTORS MEETING

Thursday, May 19, 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, Richard James, Paul Randall, and Maher Hazine. A quorum was present.

4. APPROVAL OF MINUTES: Minutes from the April 27, 2016 meeting. Tom Weeks moved that the minutes be approved. Trent McNeeley seconded the motion. The motion carried unanimously.

5. REPORTS TO THE BOARD

- A.** Chairman's report – Presented by Rus Brock. He had met with two people from the Auditor General's office and there is a new investigation into payments to vendors. They were given access to the records and files that they needed to access.
- B.** Treasurer's report – Maher Hazine was unable to provide a report for April due to the change in the bookkeeper and some discrepancies he found. He will provide reports for April and May next month.
- 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 – No Meeting.
- 3) Customer Service Committee Report – Richard James' report is agenda item 8.
- 4) CH2M Field Manager Report as posted on the website

Tom Weeks moved to accept the consent agenda items. Maher Hazine seconded the motion. The motion was approved unanimously.

7. CALL TO THE PUBLIC

There were no comments from the public.

8. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A BILLING PROBLEM FOR CUSTOMER JACKIE ALLEN.

Requested by Richard James. The customer is a part time resident who had received a bill for use of over 100,000 gallons. Her water meter had been removed for non- payment since it was an older model and could not be locked. She paid the back charges and a meter reinstallation fee and when a meter was reinstalled, the repair crew found that she had a broken water pipe under her deck. They did not turn the meter on. The customer did not hire a plumber to fix the pipe. Also, the customer did have a shut off valve, but it was not accessible due to being buried. Somehow the meter got turned on and due to the break in the water line, she was billed for the use of over 100,000 gallons of water in April. Richard proposed that the district waive her April charges. After some discussion of the issue, Paul Randall moved that the district split the cost and refund half the charge since fault could not be determined. Richard James seconded the motion. The motion was approved 4 to 3 with Rus Brock, Maher Hazine, and Tom Weeks casting nay votes. Maher Hazine moved that the customer also be refunded \$240 of the meter installation fee, as it was the district's decision to remove the meter since it could not be locked. Richard James seconded the motion. The motion carried unanimously.

9. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO RENEWAL OF HEALTH, DENTAL AND VISION INSURANCE FOR EMPLOYEES.

Presented by Harry Jones. The insurance needs to be renewed by June 1, 2016. Vision and dental plan costs are remaining the same, but the medical plan rates are going up. To maintain the current plan with \$1000 deductible, will cost an additional \$1944 for the two current employees. Several options were presented that would increase the deductible to \$2000, have the district eat the cost increase, or increase the deductible to \$6000. Most of the board favored increasing the deductible to \$2000, but one thought that the increase should be discussed with the employees first. Maher Hazine moved that the board adopt option 1 which would increase the deductible to \$2000 and which would also increase the copays. The option would only increase the cost to the district by \$515. Larry Bagshaw seconded the motion. The motion carried unanimously.

10. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE ADDITION OF A PART TIME CUSTOMER SERVICE EMPLOYEE.

Presented by Rus Brock. Due to the loss of our district accountant, the two full time customer service employees do not have any back up coverage when one or both of them is out of the office. It was proposed that the district hire a part time customer service person to provide the required coverage. The new employee would not receive any benefits and would work

20 hours per week during the training period, and then only about 10 hours per week thereafter. The new employee would also have to be available to work on short notice. The pay would be in the \$10 to \$11 per hour range. The district has already received some applications for this position. Larry Bagshaw moved that the district hire a part time employee, but that the district needed to place some ads about the community and wait for 10 days to fill the position. Richard James seconded the motion. The motion carried unanimously.

11. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A CHANGE IN THE HOURLY RATE FOR

ACCOUNTING SERVICES FROM ACCOUNTING FOR YOU, LLC. Presented by Rus Brock. The original fee quote received in July 2015 for Accounting for You was \$40 per hour. They increased their rate to \$45 in January, but were only charging the district the \$40 per hour fee for April. They currently work 12-15 hours per week for us and are requesting the rate increase, but not retroactively. Larry Bagshaw moved that the district pay Accounting for You the rate of \$45 per hour. Maher Hazine seconded the motion. The motion carried unanimously. Paul mentioned that Jodee Smith who is providing the accounting service or them would like to make a presentation to the board at the June meeting.

12. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO PSWID ADMINISTRATIVE OFFICE LEASE.

Presented by Maher Hazine. The office lease renewal is due June 1. The renewal will be a 5 year lease for \$1200 per month with an option to renew for another 5 years with the same terms. The owner will paint the exterior of the building and make some outside repairs, and will pave the drive and front parking lot. Maher Hazine moved to accept the new lease and have the attorney review it. Tom Weeks seconded the motion. The motion carried with 6 votes in favor. Paul Randall abstained since he will be doing the paving.

13. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO HIRING A DISTRICT MANAGER. Presented by Rus Brock. The district received multiple applications, which Rus, Richard James, Maher Hazine, and Sam Schwalm reviewed. They requested written responses to questions they had and had received responses. They held some phone interviews. They have identified two viable candidates and would like to set up an executive session for interviews with the candidates. One candidate would be interviewed while the other would be having a tour of the district facilities. They would like to schedule this next week. It was pointed out that there were some graduation ceremonies that would need to be worked around. Rus will schedule the interviews and let the board know.

14. 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 purchase orders have been issued. 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 reviewed by EPS and the purchase orders have been issued. EPS is also working on the Circle Drive – Strawberry Ranch 3 and McClendon Drive line replacement estimates. Maher will have them expedite the Circle Drive project so that the temporary line used for the Pine Creek Road project can be moved to Circle Drive and used there. Strawberry Hollow 3 and Milk Ranch 1 projects are in progress. The tank reports have been received and are being reviewed.

15. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A RATE AND OR FEE INCREASE EFFECTIVE IN FISCAL YEAR 2016/17. Presented by Rus Brock. Rus had handouts of the comparisons of the various

rate increases discussed at the April 27th meeting. The board members were generally in favor of raising the base rate for the commercial users and those have valves larger than ¾ inches. Usage rates for customers using more than 5000 gallons per month could also be increased. These changes would only impact 15% of the customers, with 85% seeing no change in fees. This option will be presented to the public for their feedback. Discussion on the specifics of the change was suspended until items 16 and 17 were discussed.

16. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A PLAN TO PAY OFF THE SYSTEM PURCHASE

LOAN. Presented by Maher Hazine. Maher went back over the loan documentation and discovered that the district would actually need to raise an additional \$356,000 annually to pay off the loan in 10 years. (\$4.2 million total would be required in ten years for the balloon payment.). The board and public at the meeting would prefer raising the tax levy instead of increasing the base rate for the users by \$9 a month. The tax rate would need to be increased from 1.048% to 1.748% to raise the funds. This will be presented to the public in two meetings in June.

17. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO APPROVAL OF THE PROPOSED BUDGET FOR

FISCAL YEAR 2016/17. Presented by Maher Hazine. Maher had reworked the proposed budget with samples of what it would look like with the options for the tax rate increase and water rate increases. The main difference between the budgets would be in the amount available to spend on capital projects and the amount that would be spent to pay back the loan. The board decided to present to the public the option that had the commercial base rate increase and usage rate increase for over 5000 gallons of water and the increased tax levy to pay off the loan. The board will listen to the public at the two meetings to be scheduled and then make the final decisions about the rate and tax increases and then use the budget reflecting those.

18. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING

ON JUNE 16, 2016. The board will be scheduling two public meetings for the rate and tax and budget hearings and scheduling an executive session for interviewing district manager candidates. The regular meeting will have a presentation by Accounting for You. The rates and budget for the 2016/2017 fiscal year will also be set during the meeting.

19. ADJOURNMENT

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