

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**Public Rate and Tax Hearing**

**Thursday, June 16, 2016 at 6:00 p.m.**

**PSWID Administrative Office**

**6306 W Hardscrabble Rd.**

**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 June 9, 2016 meeting. Richard James moved that the minutes be approved. Larry Bagshaw seconded the motion. The motion carried unanimously. Minutes from the June 11, 2016 meeting. Tom Weeks moved that the minutes be approved. Maher Hazine 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 lease agreement on the building. He and Maher had met with Compass Bank regarding the loan. He had approved \$250 to post an ad for the district manager on the American Water Works websites using Maher Hazine's member discount. He had talked to the auditor from the Attorney General's office and they should be returning our 2015 files shortly. He had also requested that our attorney look at our rules and regulations regarding service line extensions.
- B.** Treasurer's report – Maher Hazine went over the April and May treasurer's reports that are posted to the website.
- C.** Secretary's report – Larry Bagshaw read a letter from a customer requesting reimbursement for a leak that she had to repair on a weekend, as PSWID failed to notify her of a leak on her side on the meter as she had requested. Richard James will look into the matter.
- 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 Issues Report – No report
- 4) CH2M Field Manager Report as posted on the website. Pulled by Maher Hazine.

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

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

**A.** CH2M Field Manager Report – Maher Hazine asked Danny Zamora to discuss the Milk Ranch valve failure cause and the remedy to fix the problem. The valve became stuck due to sand in it which let cloudy water and sand enter the tank and the water system. They installed a manually operated valve, and an engineer from Everfilt and also our contract engineering firms are looking at a permanent fix to the problem. Maher moved to accept this report. Larry Bagshaw seconded the motion. The motion was approved unanimously.

**8. CALL TO THE PUBLIC**

**A.** Forest McCoy made a comment about being notified of water running out of his meter box early in the morning. The leak was on the PSWID side and it was fixed quickly. He complimented the field staff for their quick action.

**9. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A REQUEST TO PROVIDE PSWID PHONE NUMBER DATA TO THE EVERBRIDGE NOTIFICATION SYSTEM.**

Presented by Fire Chief Gary Morris. The county received a federal grant to set up an emergency notification system. The enrollment is voluntary, but needs to be completed by the end of July. The Fire District is requesting access to our customer records. The information would not be used by anyone but the fire district and the county. The board questioned if PSWID had as part of the customer registration any restrictions on release of customer information. Maher Hazine moved that the board look into the records and also contact the attorney to look at it. Tom Weeks seconded the motion. Richard James asked that this be proceeded upon with urgency. The motion was approved unanimously.

**10. PUBLIC HEARING FOR FISCAL YEAR 2016/17 WATER RATES.** Presented by Maher Hazine. Maher Hazine moved that the board go into a public hearing. Tom Weeks seconded the motion. The motion carried unanimously.

After the hearing Saturday, the rate for the residential meters that are 1 inch was changed back to no change in the base rate and left it remaining at \$58.16 per month. The base rate for 1.5 inch and 2 inch meters would increase to \$110 and \$135 respectively (which would only affect 2 current customers). The usage rates for residential customers will remain the same for all users of 5000 gallons or less. Customers using between 5001 and 10,000 gallons will be charged \$10 per gallon, and usage greater than 10,000 gallons will be \$15 per gallon. All commercial base rates would increase as presented with the usage rate being the same as the residential rates.

**11. PUBLIC HEARING FOR FISCAL YEAR 2016/17 BUDGET.** Presented by Maher Hazine. The revised budget with the change in base rate for the 1" meters was presented. Maher also had decreased the tax rate hike by approximately 50% with it going from the current 1.04% to 1.38%, instead of 1.7% with the revenue going toward paying off the loan. Also the revenue from the water rate increase will be applied to the loan. Bill Simmons who had attended the Saturday hearing had changed his mind about the necessity of paying off the loan, but he would like to see the tax hike equalized between all the customers. The impossibility of that due to the state tax laws was explained to him. Forest McCoy was concerned that the budget did not address the district's master plan. It was explained to him that the capital projects budget would cover items from the master plan.

Maher Hazine moved to close the public hearing. Larry Bagshaw seconded the motion. The motion was approved unanimously.

**12. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE FISCAL YEAR 2016/17 WATER RATES.** Presented by Rus Brock. Tom Weeks moved that the water rates be approved as amended in the presentation. Larry Bagshaw seconded the motion. The motion was approved unanimously.

**13. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE PROPERTY TAX LEVY FOR FISCAL YEAR 2016/17.** Presented by Maher Hazine. Larry Bagshaw moved that the tax levy for \$691,000 be approved as proposed in the presentation. Maher Hazine seconded the motion. Richard James was in favor of paying off the loan with the revenue from the taxes, but wanted to hear Tom Weeks' survey results. Tom said 25 people completed the survey and that the tally was 2 to 1 against the tax increase. (The survey was based on the tax increase to 1.7%, not the revised 1.38%.) Paul Randall reported that 95% of the people he

had talked to were against a tax increase. After discussion, it was asked that the motion be amended to add that the tax levy increase would only go to the loan payoff. Larry Bagshaw amended the motion to include that the tax levy would go to the loan payoff. Maher Hazine seconded the amended motion. A vote was called for with individuals casting their vote. Trent McNeely voted nay, Paul Randall voted nay, Richard James voted yes, Tom Weeks voted nay, Larry Bagshaw voted yes, Rus Brock voted yes, and Maher Hazine voted yes. Before the tally of 4 to 3 in favor was announced, Richard James changed his vote to no and resigned from the board for health reasons and left the meeting. Rus tried to call our attorney to determine how Mr. James vote should be tallied and was unable to reach him after hours. This item was tabled until we were able to speak to the attorney.

**14. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE FISCAL YEAR 2016/17 BUDGET.**

Presented by Maher Hazine. This was tabled as the budget numbers were dependent on the tax levy.

**15. CALL FOR THE ELECTION OF PSWID BOARD MEMBERS.** Presented by Rus Brock. A call for election of the 4 board members needs to be published or mailed by August 8. Also a notice of election also needs to be published or mailed. Maher Hazine moved that the district do both the call and notice of election in one mailing, unless the county does not provide the district a list of all district property owners before the deadline. Larry Bagshaw seconded the motion. The motion was approved unanimously.

**16. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO HIRING A DISTRICT MANAGER.**

Presented by Rus Brock. The candidate the board had selected to be the district manager withdrew for personal reasons. The board will continue advertising for a district manager.

**17. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO HIRING ADDITIONAL OFFICE STAFF.**

Presented by Rus Brock. There is a lack of adequate coverage in the office currently and Harry Jones is spending too much of his time on customer service and office management issues compared to the time spent moving capital projects forward. Maher Hazine moved that the district hire a person to work for 20 hours a week for both office management and customer service. The position would carry the title of office manager. Paul Randall seconded the motion. The motion carried unanimously.

**18. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO FILTRATION AT MILK RANCH WELL**

**SITE.** Requested by Tom Weeks. Tom wanted to know what the Everfilt engineer suggested. (See # 7 above.) We should have a proposal from them next week. It was suggested that the filtration for all three Milk Ranch wells be placed at the tank before going into it. Our intermediate fix is a manual valve.

**19. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO STATUS, PRIORITIZATION AND FUNDING OF 2015/16 CAPITAL PROJECTS.**

Presented by Maher Hazine. There were no updates.

**20. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON JULY 21, 2016.** There will be a meeting next week to set the tax rate and approve the budget after the attorney is contacted. For July the board needs to discuss filling Richard James seat on the board, discuss the follow up on the letter received from the customer about her leak, and have the Accounting for You presentation.

**21. ADJOURNMENT**

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

APPROVED