

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**Regular Board Meeting**

**Thursday, August 18, 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, and Maher Hazine. A quorum was present.

**4. APPROVAL OF MINUTES:** Minutes from the July 21, 2016 meeting. Tom Weeks moved that the minutes be approved. Trent McNeeley seconded the motion. The motion was approved unanimously.

**5. REPORTS TO THE BOARD**

- A.** Chairman's report – Presented by Rus Brock. He reported that in the last month he had contacted Nadine Hightower to confirm that she was not a PSWID customer. He had also contacted Heinfeld Meech regarding an estimate to help implement the Attorney General's recommendations. He had contacted Mr. Richardson regarding the options he had for service hook-up and Mr. Richardson had opted to be connected to the main on Old County Road. He had also begun working with Sam Schwalm on an improved line extension policy to help ensure improved communication in the process and the customer's cost responsibilities. The draft will be presented to the Board as soon as it is finished.
- B.** Treasurer's report – Maher Hazine went over the July treasurer's report that is posted to the website. He also discussed the need for new computers. The board was in consensus with the purchase of the computers.
- C.** Secretary's report – Larry Bagshaw reported that the correspondence that had been received is agenda item 8a.

**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 – Meeting was held on 8/17/2016 and the recommendations from the meeting will be covered on agenda item 14.
- 3) Customer Service Issues Report – The items are part of the agenda.
- 4) CH2M Field Manager Report as posted on the website. Pulled by Maher Hazine.

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

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

CH2M Field Manager Report – Maher Hazine pulled the report to ask if Danny Zamora and Hector Alvarado had looked into the water ponding along the Pine Creek Road drainage. Tom Weeks said it was the nature of the slope and the drainage pipe under highway 87 after it rained. Hector said that to cut the water velocity, riff raff would need to be installed. Maher will inspect the area with Danny and Hector.

**7. CALL TO THE PUBLIC**

- A. Bob and Pamela Hugerl complained about the increased water rates and asked if anything could be done to decrease their cost. They had been unable to attend the rate hearings. They have 2.5 acres in Pine with an orchard and livestock and had an \$1800 water bill.
- B. Pam Mason of Pine asked that the monthly water production report be posted on the website showing the month to month production for each year.

**8. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO UNRESOLVED CUSTOMER REQUESTS THAT HAVE BEEN PREVIOUSLY SUBMITTED TO THE BOARD IN WRITING:**

- a. Letter from Mr. Ray Pugel dated August 5, 2016. Mr. Pugel received a \$5190 water bill for his Pine Creek Resort. He said he had been misbilled for a number of months. He thinks customers should receive a phone call from the district when there is a large aberration in the bill. He also asked for a month to month usage report, which he received at the meeting from Rus Brock. He said he needs the usage report because he cannot monitor leaks when the meters crack. He asked someone to work with him on a payment plan. Karen, the office manager, will work with him on that.

- b. Request from Mr. Kurt Richardson to appeal line extension costs. Mr. Richardson asked for a \$1000 check or credit to extend the water line from Old County Road to his house. Maher Hazine said that because we are a public district, we cannot waive fees. Trent McNeeley agreed with Maher. Richard James maintained that since the customer was given an incorrect cost before he purchased that property that he potentially could sue the district and win.
- c. Request from the Early Bird Restaurant for reimbursement of repair costs for backflow preventer. No one from the restaurant had presented any bills. Maher Hazine told the field staff that they could clean the clogged backflow devices for the customers without any cost to them. He also asked the field staff to get cost estimates on installing a sediment trap on the line from the Milk Ranch tank, to prevent future clogging and problems.

**9. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A LETTER FROM THE ATTORNEY GENERAL'S OFFICE OF VICTIM SERVICES REGARDING STATE vs GREER.**

Rus Brock had received paperwork from the Attorney General's office with forms to fill out to seek compensation from Mr. Greer and also a form to waive any rights in the case. Rus had spoken to the district's attorney, Doug Brown about representing PSWID. Doug was willing to do so. Rus stated that if the district waived its rights, we would not receive any notice about actions regarding the case. Pam Mason stated that the community deserves some sort of compensation from Mr. Greer. The former board had been made aware of the conflict of interest problem with the generator contracts. The ones who had alerted the former board were ridiculed and threatened. There needs to be justice done. The problem with seeking compensation would be going through the records, currently in the hands of the Auditor General's office, and trying to detail the exact amount of damages and if the generators would have cost less if they had been bundled as one bid. We would also need the gasoline purchase records to determine the cost of gasoline Mr. Greer charged to the district for his "assistance with the generator installation". The costs of researching and legal representation would probably be greater than any compensation we could get back. Tom Weeks moved that we do not waive the district rights, that the board appoint Doug Brown to represent the district, and that the district not submit a request for restitution. Larry Bagshaw seconded the motion. The motion was approved unanimously.

**10. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO DEPRECIATION OF DISTRICT ASSETS.**

Mahe Hazine said that Accounting for You had found that district assets were being depreciated based on 20-50 years when they had a life of less than two years. Some items were being depreciated at 95 cents a month. Our auditors recommended that items with a life of less than two years or cost under \$5000 should not be depreciated. Board members concurred with that. Maher Hazine moved that items costing less than \$5000 or that had a life span of two years or less not be depreciated. Larry Bagshaw seconded the motion. The motion was approved unanimously.

**11. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO SELECTING A DIFFERENT SUPPLIER FOR BILLING SERVICES.**

Rus Brock found that Bill Trust could not do some of our billing in a timely manner. Every time there was a change to the El Dorado system, or the district

changed the layout on the bill, that Bill Trust was charging the district \$2000 for a programming change. Their process was basically mapping and reprinting the bill from the pdf file they were receiving, which really was an unnecessary step. If we went with a local vendor for printing, the district could add messages on the bills or include stuffers. The board concurred that we should terminate using Bill Trust and get quotes from local vendors.

- 12. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THIRD PARTY EVALUATION AND IMPLEMENTATION OF RECOMMENDATIONS BY THE AUDITOR GENERAL IN THE PSWID THEFT AND CONFLICT OF INTEREST REPORT 16-403.** Rus Brock got a quote from Heinfeld Meech that they could do the review and make an implementation plan for an amount not to exceed \$3500 plus expenses. Tom Weeks moved that we accept the quote from Heinfeld Meech. Larry Bagshaw seconded the motion. The motion carried unanimously.
- 13. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO PROVIDING THE OFFICE MANAGER AUTHORITY TO RESOLVE MINOR CUSTOMER DISPUTES.** Rus Brock asked that the board set financial limits for the office manager both for purchasing office supplies and also for customer service adjustment. After some discussion it was decided that the office manager should be able to purchase up to \$500 in a single purchase order and up to \$2000 with approval or the treasurer or chairman. Customer service adjustments could be made for 10% of the bill or \$100 whichever is less. Larry Bagshaw moved that the office manager could purchase up to \$500 in a single purchase order or up to \$2000 with the treasurer's or chairman's approval and that customer service adjustments could be made for \$100 or 10% of the bill, whichever was less. Maher Hazine seconded the motion. The motion carried unanimously. Payment plans for customers will be discussed next month. Pam Mason asked if we could survey other water companies to see what they did about payment plans.
- 14. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO EXTENDING EXISTING WATER SHARING AGREEMENTS.** Maher Hazine said that the water sharing agreements all expired at the end of June and that he and Rus Brock extended all of the agreements for two months at the same rate. It is too hard for the board to deal with setting the rates and budget during June and also having to do the agreements. Maher suggested that the board approve staggering the water share agreements for 2, 3, and 5 year terms with the ultimate result being staggered 5 year agreements with December 31 expirations. The past cost adjustments have been based on the CPI, but Maher also recommends that the costs should be based on the PPI annual average in December of each year. He also suggested a floor of 45% and ceiling of 93.5% based on annual usage rates with electrical costs deducted. We need to try to avoid buying water for more than we are selling it for. The board concurred with the staggered terms, using the annual PPI, creating a floor of 45% and a ceiling of 93.5%, and holding the current cost of \$1.00 per gallon until the new contracts are written.
- 15. DISCUSS AND TAKE ACTION OF INCORPORATING ROBERTS RULES OF ORDER INTO THE BYLAWS.** Larry Bagshaw presented the change to the bylaws with the change in wording to Section 3.3. PSWID Rules and Regulations as currently written say: All, Section 3.3. Meeting

Protocol/Rules of Order. When questions on meeting protocol arise, the Board Chairperson shall explain the rules of procedure, at which time a majority rule of the Board will prevail in any procedural dispute; however, if a tie vote on proper procedure or protocol exists, the vote of the Board Chairperson will count as the tiebreaker.

It is proposed that the Rules and Regulations be amended to read: All, Section 3.3 Meeting Protocol/Rules of Order. Roberts Rules of Order will be the standard procedure for all meetings. Any variation from Roberts Rules of Order must be approved at the specific meeting where it is proposed that the board deviate from them, and the majority of the board must approve of the deviation. If a tie vote occurs, the vote of the Board Chairperson will count as the tiebreaker.

Larry Bagshaw moved that the change be approved. Maher Hazine seconded the motion. The motion was approved unanimously.

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

Rus Brock had received 4 applications. Maher Hazine recommended that the board continue to advertise for a manager through the end of the year. Tom Weeks thought that the ads should run another month only. Ron Smith of Strawberry asked about utilizing a headhunter. That would cost about 6-7% of the manager's salary plus expenses, which would be too much. It was decided to let the ad continue for now.

**17. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO STATUS, PRIORITIZATION AND FUNDING OF 2015/16 CARRYOVER PROJECTS AND 2016/17 CAPITAL PROJECTS.**

Maher Hazine reported that the chlorination projects would be done 5 at a time, so we could get discounts. The first 5 will be done by the end of December and 5 will be done by June. The filtration for Milk Ranch will require 2-3 flushing valves and a sand trap downstream from the tank. We have a quote from Everfilt and another quote is coming. The valve project will be started the first week of November, and the rest of the capital projects will be started the 3<sup>rd</sup> week of November. He has asked the engineering firm to cut 3-4 weeks off of this timeline if possible.

**18. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON SEPTEMBER 15, 2016.**

Maher Hazine asked that the board consider the \$2 fee for credit card and electronic payments be reduced or eliminated. The district manager search will be discussed. The capital projects will be discussed. The revised line extension policy will be presented.

**19. MOTION TO ADJOURN.** Larry Bagshaw moved that the meeting be adjourned. Maher Hazine seconded the motion. The motion carried unanimously.