

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Board Meeting

Thursday, October 20, 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: Paul Randall, Richard James, Tom Weeks, Rus Brock, Larry Bagshaw, and Maher Hazine. A quorum was present.

4. APPROVAL OF MINUTES:

Minutes from the September 15, 2016 meeting. Maher Hazine asked that the motion to approve the August 18, 2016 minutes have "with the suggested amendments" added to the motion. Maher Hazine moved that the minutes be approved with the suggested change. Paul Randall seconded the motion. The motion was approved with Tom Weeks abstaining since he had not attended the meeting.

Minutes from the October 13, 2016 meeting. A discussion about the appropriateness of one of the agenda items being discussed in an open board meeting instead of in an executive session occurred. Maher Hazine moved that the minutes be approved. Larry Bagshaw seconded the motion. The motion carried 3 to 1 with Richard James dissenting and Paul Randall and Tom Weeks abstaining since they had not attended the meeting.

5. REPORTS TO THE BOARD

A. Chairman's report – Presented by Rus Brock. He reported that in the last month he had responded to Felicia French regarding her question during the September 15 meeting's call to the public. He executed the billing services agreement with Creative Technologies as approved on 9/15/16. He notified the board when Astro IT Services terminated their service to the district. He authorized the use of Smart Systems on an hourly basis for computer support until a company can be selected. He approved a \$500 IT audit from Smart Systems which will be refundable if we select them as our provider. He authorized a \$600 expenditure for the lockdown of the PSWID computer system per the quote from Smart Systems based on deficiencies found in the IT audit. He sent information to the district's attorney requesting the transfer of Brook Utilities parcels that were overlooked during the condemnation of Brook so they can be properly recorded to PSWID. He signed the purchase documents for the trucks approved at the 10/13/16 meeting. He notified the auditor general's office of the termination of a PSWID employee.

- B. Treasurer's report – Maher Hazine went over the September treasurer's report that is posted to the website.
- C. Secretary's report – Larry Bagshaw had not received any new correspondence.

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 – None
- 4) CH2M Field Manager Report as posted on the website.

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

7. CALL TO THE PUBLIC

- A. Sam Schwalm expressed his gratitude to the board for their service, openness, and transparency. He gave special mention to Richard James, Paul Randall, and Trent McNeeley as they will end their service on December 31.
- B. David Wicks expressed his concerns about the cost of leaks; the number of infrastructure repairs required each month and their cost, and the lack of adequate shading under lines. He asked about getting grant funding for repairs, specifically Superfund monies for replacing asbestos impregnated concrete pipes. He also expressed his opinion that well owners should be exempt from PSWID property taxes.

8. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE IT AUDIT PREPARED BY

SMARTSYSTEMS, INC. Presented by Rus Brock and Maher Hazine. The biggest issue found in the audit was the vulnerability of the PSWID computer system. There were hardware issues with two of the hard drives failing. They were able to recreate one and had to replace the other. Protocols needed to be put in place to limit access to certain parts of the system with the establishment of security groups. The overall cost of totally fixing the system is over \$10,000, with some of the costs included if the district was to contract with Smart Systems as its IT services provider. The quote received from Smart Systems would cost up to \$6000 to \$7000 per year which is about what was being paid the previous provider. It was suggested that we put out an expedited RFP. Larry Bagshaw suggested calling Computer Guys, who are based in Payson, to see if they could provide the service. Maher Hazine

expressed his preference that the selection of the provider not be based on the lowest bid. The board agreed that we needed to get an IT firm contracted so they could start fixing the system.

9. 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.

Presented by Rus Brock. Rus distributed the report prepared by Heinfeld Meech to the board members. He asked them to review it and be prepared to discuss the recommendations during the November meeting. Tom Weeks commented that the board may need to change some policies and procedures.

10. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO ADVERTISING FOR PERSONS INTERESTED IN THE OPEN BOARD POSITION STARTING JANUARY 1, 2017.

Presented by Rus Brock. Rus developed a form for the board member position and asked for feedback. The board agreed that the form was fine. It will be posted to the PSWID website so interested persons could respond during November, and the board could interview the candidates during the December meeting and appoint their nominee in January.

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

Presented by Maher Hazine. The opening bid date for the valve project is October 27. 4 vendors came to the two pre-bid meetings. The Circle Drive and McClendon projects are being submitted to ADEQ for approval. The chlorination project is progressing. Buildings have been placed on 5 sites and those should be done by the end of December. The other 5 should be done by May 1, 2017. The Milk Ranch 1 filtration project is waiting on test results which should be in in 2-3 weeks. The tank replacement/repair will not fit in this year's budget, but should have funds allocated to it in July 2017 and yearly thereafter. The Wye strainer to catch sediment in the lines will be put out for estimates as soon as possible and the final estimates will be given to the board.

12. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON NOVEMBER 17, 2016.

- A. Heinfeld Meech Audit
- B. Capital Project update
- C. Review any applications for new board member
- D. Award bid on valve project

13. MOTION TO ADJOURN. Maher Hazine moved that the meeting be adjourned. Paul Randall seconded the motion. The motion carried unanimously.