

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Board Meeting

Thursday, December 15, 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, Trent McNeeley, Tom Weeks, Richard James, Maher Hazine, Rus Brock and Larry Bagshaw. A quorum was present.

4. CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETINGS:

November 10, 2016 Maher Hazine moved to approve the minutes. Tom Weeks seconded the motion. The motion was approved unanimously.

November 17, 2016 Trent moved to approve the minutes. Tom Weeks seconded the motion. The motion was approved with Maher Hazine and Richard James abstaining since they were not at the meeting.

5. REPORTS TO THE BOARD

- A.** Chairman's report – Rus Brock reported that he had signed the contract with Central AZ Civil Construction Co for the valve project for \$47,450 as approved by the board on November 10. He also signed the contract for the lease of a new copier as approved by the board on November 17. He signed an offer of employment for Cindy Lee, the new customer service representative. He signed a month to month service agreement with Smart Systems until an RFP for IT services can be developed and issued. He delivered all the additional records requested by the Auditor General's office prior to the requested deadline.
- B.** Treasurer's report – Maher Hazine presented the November report which is posted to the website. He noted that the sheets for the unanticipated/unbudgeted expenses had not been updated with November's data and that he would provide an amended report.
- C.** Secretary's report – Larry Bagshaw had not received any correspondence that was not on the agenda.

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.

- Support Services Committee – no activity to report
- Water Enhancement Committee – no activity to report
- Customer Service Issues Update – no activity to report

No motion was made to accept the consent agenda as there was nothing to report.

- Contract Field Manager's Report – Pulled per Rus Brock. It was noted that the well levels data was not part of the report and Danny Zamora stated that after October, due to low water usage, that the well levels would not be tested again until April before the peak water usage starts. Rus requested that an additional page be added to the report that would include any significant incidents such as the gas line damage that occurred in Portals during the month.

There was no motion to accept the contract field manager's report.

7. CALL TO THE PUBLIC

There were no comments from the public.

- 8. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO RECENT WATER SERVICE OUTAGES IN BOTH PINE AND STRAWBERRY.** Presented by Danny Zamora. Danny reported that the outages in Strawberry were caused by breaks in a six inch line that was sitting on bedrock. Trash trucks caused cracks in two places on the line on Bob's Bend and Squirrel Run. Shading was added under the lines when they were repaired to try to prevent further breakage. The valve project will help enable smaller outages. The public was asked not to yell at the office staff over outages since breaks are beyond the office staff's control and yelling is not appropriate behavior. There was a request from the audience to have the robo calls include the specific outage area.

- 9. BOARD DISCUSSION AND EXPRESSION OF INTEREST BY INDIVIDUALS INTERESTED IN BEING SELECTED FOR THE OPEN BOARD POSITION EFFECTIVE JANUARY 1, 2017.** Presented by Rus Brock. Rus had the candidates that were in attendance tell us briefly about themselves. Windy Dravillas was ill and not in attendance and Tom Reski had a conflicting meeting and was not in attendance. Sharon Hillman has an extensive accounting background and moved to Strawberry full time in 2012. Alan Kleinman missed the election filing deadline. His background is in water economy and financial analysis. He has worked both with the Bureau of Reclamation and ADEQ. He is a part time resident. Steve Meyes has a background as a waste collection manager with budget, WIFA, and ADEQ experience. He is a part time resident. The board will review the candidates and chose one to join them in January.

10. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A REQUEST BY SIX PROPERTY OWNERS IN STRAWBERRY TO BE EXCLUDED FROM THE PSWID.

Requested by Rus Brock. George Stetson presented documentation from himself and five other property owners either residing on German Ranch Road and or neighboring lots that have their own wells and wish to be excluded from the PSWID boundary so that they no longer pay property taxes to PSWID. There is an ARS section that allows for additions and deletions to or from the district, but it was pointed out to him that the only addition that has been made to the district was properties on top of Hardscrabble Mesa that were receiving PSWID water but not paying district taxes. The only exclusion that was made was before PSWID purchased the water company from Brooks for Strawberry Hollow. Brooks had refused to serve the subdivision, so they formed their own water district. The board asked Stetson if the property owners were going to form their own water district. The response was no. The board members felt like if they allowed the exclusion, then any property owner who had their own well could also request an exclusion and the district would end up like a piece of Swiss cheese. It was also pointed out that PSWID could serve the six properties requesting exclusion if the property owners or future owners of those properties requested PSWID service and paid for the line extensions. The board took no action as it would be disadvantageous to allow the exclusion.

11. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO REMOVAL OF ASSETS FROM PSWID ACCOUNTING RECORDS.

Presented by Rus Brock. As discussed in a previous board meeting, there are PSWID assets which are being depreciated and are not worth enough to be depreciated. A list of the assets proposed to be removed was given to the board. The list will be provided to Heinfeld and Meech for approval to remove the items on the list as depreciable assets.

12. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO AMENDMENT 2 TO THE PSWID/CH2M OPERATIONS AND MAINTENANCE AGREEMENT.

Requested by Maher Hazine. The second amendment was presented to the board because the cost of services adjustment for the year is due this month. Larry Bagshaw moved that the amendment be accepted. Maher Hazine seconded the motion. The motion carried unanimously.

13. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO REVISIONS TO THE DISTRICT'S RULES AND REGULATIONS.

Presented by Rus Brock. Rus and Sam Schwalm reworked the rules and regulations to better define residential versus commercial properties, district purchasing policies, and conflict of interest. The reworked rules were given to the board to review. It was suggested that the definition of commercial be anything other than the definition for residential. Churches should also be excluded from the residential definition. It was also pointed out the section 3.3 did not include the previously approved verbiage for the board to conduct their meetings by Roberts Rules of Order. The revised version will be presented at the next board meeting.

14. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO IMPROVEMENTS AND UPGRADES TO THE DISTRICT'S IT SYSTEM.

Presented by Maher Hazine. Maher discussed the

improvements Smart Systems has made to our system. The system was evaluated, locked down, one failing hard drive recovered, one failing hard drive replaced, server issues were resolved, software is being updated, a formal backup is now scheduled, security groups are being set up, and an email spam filter has been installed. Two new computers are being purchased for half of the original quote given by our former IT provider. Public Wi-Fi availability on the district premises is being worked on.

15. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE ANNUAL REVIEW OF CH2M'S PERFORMANCE RELATIVE TO CONTRACTUAL REQUIREMENTS. Presented by Maher Hazine. Maher stated that a review of the KPIs is being done and a letter will be sent to CH2M in two – three weeks.

16. DISCUSS AND TAKE POSSIBLE ACTION RELATED HIRING A DISTRICT MANAGER. Presented by Rus Brock. Larry Bagshaw moved that Rus begin negotiations with the candidate that was interviewed earlier in the executive session. Tom Weeks seconded the motion. The motion was approved unanimously. Rus will begin the process no later than next Monday.

17. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO STATUS, PRIORITIZATION AND FUNDING OF CAPITAL PROJECTS . Presented by Maher Hazine.

- A. The valve project contract with AZ Civil Contractors will be signed next week. The valve installations will alternate between Pine and Strawberry.
- B. The low bidder on the Wye strainer project was Buck Mountain. The board will take action on approving the bid in a January meeting.
- C. The Strawberry View 1 tank replacement has not yet been approved by ADEQ. The electrical system design need to be revised and provisions for a temporary tank and pump need to be made. It will be 2-3 weeks before this goes to ADEQ. Richard James pointed out that the leaks are getting worse.
- D. The Circle Drive project is on hold due to the 6 inch line requirement doubling the cost of the project. Other options will be presented to ADEQ or the project will be scrapped and the line will be replaced in small sections.
- E. The Milk Ranch wells sedimentation problem is presenting expensive options. The cheapest is to hire a hydrologist to determine where the sand is coming from in the wells for \$75-100 K. The next option is treating the water at a cost of \$300 -600 K, or abandoning I and II and redrilling a well at a cost of \$300-500 K. The board recommended hiring a hydrologist, but not one that has previously worked on the wells.

18. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE BID AWARD FOR THE MCCLENDON WATER LINE PROJECT. Presented by Maher Hazine. There was only one bid from EW Parker which was under the projected cost given by EPS. The bid included options for PVC pipe or HDPE pipe. Tom Weeks moved to issue the contract to EW Parker for the PVC pipe option for \$101,279. Larry Bagshaw seconded the motion. The motion was approved unanimously.

Rus Brock took some time to recognize the outgoing board members – Trent McNeeley, Paul Randall, and Richard James for their service to the district over the past two and a half years.

19. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON JANUARY 19, 2017.

A special meeting probably will be scheduled for 1/5/2017 to swear in the new board, chose the 4th board member from the candidates, and swear that person in, have the notary present, and have the board members sign new conflict of interest papers.

- A. Possibly the Wye Strainer contract with Buck Mountain can be approved then also.
- B. Changes to the Rules and Regulations
- C. New district manager

19. MOTION TO ADJOURN. Tom Weeks moved that the meeting be adjourned. Maher Hazine seconded the motion. The motion carried unanimously.