

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**BOARD OF DIRECTORS SPECIAL MEETING**

**Thursday, April 27, 2016 at 5:00 pm**

**PSWID Administrative Office**

**6306 W. Hardscrabble Road**

**Pine, AZ 85544**

**1. CALL TO ORDER**

Rus Brock called the meeting to order at 5:00 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, Paul Randall, Richard James and Maher Hazine. A quorum was present.

**4. APPROVAL OF MINUTES:** Minutes from the April 21, 2016 meeting. Trent McNeeley moved that the minutes be approved. Larry Bagshaw seconded the motion. The motion carried unanimously with Richard James abstaining as he had missed the meeting.

**5. CALL TO THE PUBLIC**

A. There were no comments from the public.

**6. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO STATUS, PRIORITIZATION AND FUNDING OF 2015/16 CAPITAL PROJECTS.** Presented by Maher Hazine. Nothing new since the last meeting has occurred.

**7. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE FISCAL YEAR 2016/17 BUDGET.** Presented by Maher Hazine. Maher handed out a proposed budget that included a \$200,000 tax rate hike that would pay that much more toward the loan. He also proposed raising the Reserve fund from \$56,000 to \$200,000 which would give us a 69 day reserve. Board members expressed concern about having such a large reserve fund, as it would almost completely deplete any funds for capital improvements. Most of the fixed expenses would remain essentially the same except for inflation factored into the costs. It was also decided that under capital repairs that \$168,000 was too high and that that number should be reworked. The board members generally wanted to leave \$500,000 in capital improvement projects for the year. Some of the board members and the public also thought that part of the tax rate increase should go to capital projects and not toward the loan payoff. The board's concluded that they thought the customers would rather improve the reliability of the system more than paying off the loan.

**8. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A RATE AND OR FEE INCREASE EFFECTIVE IN FISCAL YEAR 2016/17.** Presented by Rus Brock. Rus asked for feedback about the new rate structure he had proposed in the last meeting. Maher Hazine thought that the rates should be tweaked a bit. Richard James asked to review the structure again as he has missed the last meeting. The discussion had the board agreeing that the commercial customers should pay a higher base rate and that any customers with 1 inch meters and larger should also pay a higher base rate. Board members also thought that the customers who used less than 1000 gallons per month should still pay \$1.75 per gallon. Customers who used more than 5000 gallons per month should pay a higher fee. Customers using between 3000 and 5000 gallons per month either could get a \$1 rate cut or stay the same. Rus will work up the numbers with both of those options.

**9. DISCUSS AND TAKE POSSIBLE ACTION RELATED TO A PLAN TO PAY OFF THE SYSTEM PURCHASE LOAN.** Presented by Maher Hazine. He would like to pay it off by 2025 or we will have a balloon payment due for 2.8 million at that time. We could possibly refinance at that time, depending on what the market is doing, or we could look at paying it off entirely by that time. It would take about an additional \$200,000 annual payment to pay it off. It was generally agreed that it would be best to raise the funds through a tax rate change, as all the property owners would be affected, and not just the water users. Board members were split on whether they would rather to see the funds raised with a tax rate change used toward loan payoff or capital projects.

The board will schedule two May meetings to get input from the public, one on a Saturday and the other on a weekday evening, before the next board meeting on May 19. There will still be rate and budget hearings in June.

**10. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON May 19, 2016.**

The tax rate and fee structure will be discussed to include the feedback from the public meetings.

**11. ADJOURNMENT**

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