

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT
BOARD OF DIRECTORS SPECIAL MEETING
Thursday, June 09, 2016 at 5:30 pm
Pine Strawberry Community Dining Hall
3915 N HWY 87
Pine, AZ 85544

1. **CALL TO ORDER**

Rus Brock called the meeting to order at 5:30 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. Paul Randall arrived at 5:55 p.m.

4. **APPROVAL OF MINUTES:** Minutes from the May 19, 2016 meeting. Trent McNeeley moved that the minutes be approved. Maher Hazine seconded the motion. The motion carried unanimously.

5. **CALL TO THE PUBLIC**

A. There were no comments from the public.

6. **PROVIDE INFORMATION RELATED TO THE PROPOSED RATES, PROPERTY TAX ASSESSMENT, AND BUDGET FOR FY 2016/2017.** Presented by Rus Brock and Maher Hazine.

A Power Point presentation was given to the public. (The presentation is posted on the PSWID website.) Rus introduced the presentation by saying the board wants to position the district for the future with a good reliable water supply with reasonable rates and discussed the progress the board has made over the past two years along with the frustrations that were had in not being able to push capital projects through due to inadequate engineering services and lack of project management. The change in the rate structure adds two tiers for users consuming more than 5000 gallons with charges of \$10 per thousand for over 5000 gallons and \$15 per thousand for over 10,000 gallons. The base fee will remain the same for residential customers with 5/8 inch and 3/4 inch meters, but increase for the 18 customers with 1 inch and larger meters. The base fee for commercial customers will rise for all meter sizes. The new fees will not affect about 84% of the summer customers, and will not affect 94% of the winter users. The new fees will add about \$100,000 to the district's revenue. There were few comments disagreeing with

the new rates.

Maher Hazine presented the proposed budget which included a potential income of \$400,000 in grants which will not be used if the district does not get any grants. The budget also includes a higher tax revenue to cover prepayment of the district loan. The budget is part of the Power Point presentation and also has been published on the website and in the newspaper. Maher then discussed the board's desire to pay off the \$6.4 million loan by 2025 instead of having to refinance \$4.2 million at that time at an unknown interest rate which certainly would not be as good as the current 3.85% rate and which would also probably cost \$250,000 to renegotiate. Paying off the loan by 2025 would probably save over \$1 million in interest fees. In order to pay off the loan by 2025, the district would need to raise the tax levy to 1.7% to have \$865,000 over the next 9 years to do that. Currently the district is paying \$500,000 a year for the loan and the tax levy that raises that amount is 1.048%. There was quite a lot of dissention over the increased tax levy from the audience.

It was suggested by Ronald Smith of Strawberry that the district send out both an email blast and a robocall to notify the customers of the meeting on Saturday, June 11.

7. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTOR'S MEETING ON JUNE 15, 2016.

The tax rate increase to pay off the loan and new fee structure will be discussed to include the feedback from the public meetings before they are voted on at the meeting. The budget will be finalized for submission to the county. Tom Weeks requested that the water quality be discussed after having another episode of muddy water.

8. ADJOURNMENT

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