

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Public Rate and Tax Hearing

Thursday, June 11, 2016 at 11:30 am
Pine Strawberry Community Dining Hall
3916 N HWY 87
Pine, AZ 85544

1. CALL TO ORDER

Rus Brock called the meeting to order at 11:30 a.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. CALL TO THE PUBLIC

- A.** A question was asked about the PSWID water quality. It meets ADEQ standards and the annual report for 2015 should be posted to the website in the near future.
- B.** A question was asked about the robocall a customer received about the water usage from the Rimwood tank. It was being drained of 50,000 of its 70,000 gallon capacity between 4 a.m. and 6 a.m. daily starting with Memorial Day weekend and still continuing. The district was asking for customers to be aware of and alert the district of any overuse or leaks they saw.

- #### **5. 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 ¾ 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 comments disagreeing with the new rates which came mainly from two of the 16 customers with 1 inch meters that were required by the building codes for their fire sprinklers when their homes were

built. One customer asked that the billing cycles be kept in the 28-31 day range, as a 35 day range kicked his usage fees into the next tier.

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 annually 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.

Tom Weeks provided a short survey for the approximate 35 attendees to complete that he could tally for our meeting on June 16.

6. ADJOURNMENT

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