

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT

Regular Meeting

Thursday, September. 20, 2018 at 6:00 p.m.

PSWID Administrative Office

6306 W Hardscrabble Rd.

Pine, AZ 85544

1. CALL TO ORDER

Bob Arbuthnot called the meeting to order at 6:02 p.m.

2. PLEDGE OF ALLEGIANCE

Led by Bob Arbuthnot.

3. ROLL CALL OF BOARD MEMBERS

Conducted by Bob Arbuthnot: Board members present: Forrest McCoy, Sharon Hillman, Alan Kleinman, Maher Hazine, Bob Arbuthnot, and Larry Bagshaw. A quorum was present. Cato Esquivel the district manager was also present. Riley Snow, the district's attorney was present via phone.

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

August 16, 2018: Sharon Hillman asked that on item 9.I that a sentence be included to state that the district must contribute \$700 per employee to the HSA every year. Sharon then moved that the minutes be approved with the change. Alan Kleinman seconded the motion. The motion was approved unanimously.

5. REPORTS TO THE BOARD

- A. Chairman's report- As posted to the website.
- B. Treasurer's report – As posted to the website.
- C. Secretary's report –None
- D. District Manager's Report –As posted to the website.

6. CONSENT AGENDA

None

7. CALL TO THE PUBLIC

None

8. OLD BUSINESS

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE STATUS, PRIORITIZATION, AND FUNDING OF CAPITAL PROJECTS.** Presented by Paul Hendricks, EUSI. The Preliminary Engineering report is undergoing the final draft. The Strawberry Ranch 2 and Strawberry Knolls 2 water line replacement projects were started on September 4 by Apache Underground.

The Pine Creek Drive water line replacement project is essentially done and is waiting on the project close out paperwork. Apache Underground is also purging the water from the Milk Ranch 1 well and using it as construction water on the Strawberry projects. The SV I tank replacement only needs a few punch list items or warranty items to be completed. The district staff met and is proposing that the tank projects and VFD booster pump projects be prioritized. One of the two companies approved for water tank projects will conduct an initial assessment of the tanks and conditions prior to entering into a contract with the district. Using this assessment, the district can then develop a priority list for water storage tank projects. Several of the booster stations are being evaluated for rehabilitation. Some need building and grounds work that will need to be contracted out. Some of the booster stations are not needed, others may need to have the size reduced or increased, and most could benefit from have pressure and flow logging equipment installed to aid in the evaluation. The weekly WIFA Project meetings are ongoing to address current projects and needs.

II. UPDATE REGARDING SERVLIN'S INSURANCE PROGRAM. Maher Hazine. The staff has undergone training on the program and the insurance policies have been sent to the district's attorney for review.

III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING IMPLEMENTING A PLAN OF ACTION FOR IT SERVICES AND HARDWARE/SOFTWARE UPGRADES. Maher Hazine.

Mahe had an issue with only a few board members terminating the contract with Smart Systems and was questioning who had the authority to do so. We need to have the criteria and process for termination contracts spelled out in the rules and regulations. He also had an issue with lack of IT coverage until a new contract is obtained. Our legal counsel should have been asked to review the contract before it was cancelled. He asked if there is an overall plan for the hardware and software upgrades. Sharon Hillman has asked for two proposals which are discussed later in the meeting. She will also get a proposal from Smart Systems. Mahe also wanted to know when the 90 day cancellation period with Smart Systems ends. That date is Nov. 24.

IV. DISCUSS AND TAKE POSSIBLE ACTION REGARDING PURCHASING THE PELORUS METHOD UTILITY BILLING AND ACCOUNTING SOFTWARE. Sharon Hillman.

Sharon wants to expedite the installation of Pelorus since it will take time to put it together. It will be able to run on one computer that we currently have and not require network resources to work. Currently we are having a lot of issues since El Dorado and Quickbooks are not working together and we are currently paying Smart Systems between \$1800 to \$2300 a month to maintain the network and resolve problems with El Dorado. Mahe wanted to know if there would be savings to do the installation now. He also thinks that we should do the network and system changes first. After further discussion, Forrest McCoy moved that the district purchase the Pelorus Method Utility Billing and Accounting Software for \$19,000.00 with a quarterly cost of \$2500.00. Also he moved to accept the

proposals from Freedom Mailing Service and Xpress Bill Pay. Larry Bagshaw seconded the motion. A roll call vote was requested. Maher Hazine and Alan Kleinman voted no. Bob Arbuthnot, Larry Bagshaw, Sharon Hillman, and Forrest McCoy voted yes. The motion carried 4 to 2.

V. DISCUSS AND TAKE POSSIBLE ACTION REGARDING A FLEET REPLACEMENT POLICY AND COSTS. Maher Hazine/Cato Esquivel. Cato covered this in his district manager’s report. He will be bringing a policy to the board in a future meeting.

VI. UPDATE ON THE SIGETI/GREER CASES. Bob Arbuthnot/Riley Snow. Greer’s sentencing is on hold until November. There has been no update on the Sigeti case. It seems that she gave the AG’s office false information that she had paid money back to the district and there has been no documentation presented to verify that she had.

VII. UPDATE ON THE POSSIBLE LAW SUIT AGAINST CH2M. Bob Arbuthnot/Riley Snow. This will be discussed in the executive session following this meeting.

9. NEW BUSINESS

I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING MODIFYING THE WIFA PROJECT SCHEDULE. Paul Hendricks/Sharon Hillman. This was covered in the special session preceeding this meeting. Maher Hazine moved that the amended schedule as presented be approved with the modification that the costs be annualized. Larry Bagshaw seconded the motion. The motion was approved unanimously.

II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING BUDGET MODIFICATIONS. Sharon Hillman. When the budget was approved in May, some estimates were used. Some estimates were too low and some items were missing that needed to be included. Adjustments need to be made to the Potential Grants/Non-Revenue Funds to account for the CIP carryover increase of \$202,362. Also the WIFA annual reserve fund of \$100,970.36 was missing and needs to be added. Other changes are related to the additional principal payment of \$50,000 to Compass Bank and deferred carryover to match the revenue amount of \$10,000. The spreadsheet showing the adjustments is attached at the end of the minutes. Larry Bagshaw moved that the budget revisions as stated on the spreadsheet be approved Forrest McCoy seconded the motion. The motion carried unanimously.

III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING ISSUING EPS A DESIGN SERVICE WORK ORDER FOR WIFA PROJECT COOL PINES PHASE A. Paul Hendricks/Cato Esquivel. The next project for the WIFA Project funds is the Cool Pines Waterline Replacement. The plans and specifications for the project need to be created. It is requested that EPS be contracted to do the plans for a cost of \$31,600 for Design Services (lump sum), \$4,800 for Bid Phase Services (hourly not to exceed), and \$29,440 for Construction Phase Services (hourly not to exceed). Maher Hazine moved that EPS be contracted

for the above services and that the district manager be authorized to sign the agreement. Sharon amended the motion that the board chairman be authorized to sign the agreement. Forrest McCoy seconded the amended motion. The motion carried with Alan Kleinman recusing himself.

- IV. DISCUSS AND TAKE POSSIBLE ACTION REGARDING NETWORK REPLACEMENT AND IT SERVICES.** Sharon Hillman. This was tabled since Sharon had not received a quote from a second vendor. Sharon made the motion to table the item and Forrest McCoy seconded the motion. The motion carried unanimously.

10. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTORS MEETING ON OCTOBER 18, 2018.

1. WIFA update
2. Sigeti/Greer update
3. Lawsuit against CH2.
4. Review criteria and process for termination of contracts.
5. Policy on will serve letters and a two pronged approach to new service requests. Cato will issue will serve letters, but will set up a fee schedule for technical plan reviews.
6. Fleet replacement policy
7. Network replacement and IT services.

- 11. MOTION TO ADJOURN.** Maher Hazine moved the meeting be adjourned. Alan Kleinman seconded the motion. The motion carried unanimously.

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT
BOARD APPROVED BUDGET - REVISED AUGUST 31, 2018 - AGENDA ITEM**

Revenue (Cash In)	APPROVED FY 2018/2019	BUDGET REVISIONS	REVISED FY 2018/2019	Notes
Cash Carry Forward - Reserve Fund	250,000.00		250,000.00	
Debt Repayment Carry Forward	200,000.00		200,000.00	
Capital Project Carry Forward	100,000.00	202,362.00	302,362.00	1
SUBTOTAL: CARRY OVER	550,000.00	202,362.00	752,362.00	
Property Tax Levies	768,531.53		768,531.53	
Customer Sales	2,075,625.00		2,075,625.00	
Miscellaneous Revenues	75,000.47		75,000.47	
WIFA Funding	2,750,000.00		2,750,000.00	
Potential Grants/Non-Revenue Funds	1,000,000.00	-202,362.00	797,638.00	1
Sales Tax on Revenues	140,000.00		140,000.00	
SUBTOTAL: CASH IN FLOWS	6,809,157.00	-202,362.00	6,606,795.00	
TOTAL REVENUE	7,359,157.00	0.00	7,359,157.00	
Expenses (Cash Out)				
Operations	376,000.00		376,000.00	
Field Labor & Burden	580,000.00		580,000.00	
Admin	550,000.00		550,000.00	
Board	60,000.00		60,000.00	
Capital Projects/Repairs	215,357.00	41,391.64	256,748.64	1
Infrastructure Repairs	90,000.00		90,000.00	
Equipment Replacement	200,000.00		200,000.00	
WIFA Funding - Capital Projects	2,750,000.00		2,750,000.00	
Potential Grants/Non-Revenue Funds	1,000,000.00	-202,362.00	797,638.00	1
Debt Service/Loan-Compass Bank	450,000.00		450,000.00	
Debt Service/Loan-Compass Bank - Additional Principal	350,000.00	50,000.00	400,000.00	1
Debt Service /Loan Reserve-WIFA	0.00	100,970.36	100,970.36	1
Debt Service/Loan-WIFA - Interest & Fees Only	157,800.00	0.00	157,800.00	
Deferred Debt Repayment- Compass Bank	190,000.00	10,000.00	200,000.00	
Sales Tax on Revenues	140,000.00		140,000.00	
SUBTOTAL: OPERATIONS & CAPITAL EXPENSES	7,109,157.00	0.00	7,109,157.00	
TOTAL EXPENSES	7,109,157.00	0.00	7,109,157.00	
Cash Carry Forward - Reserve Fund	250,000.00		250,000.00	
SUBTOTAL: WORKING AND RESERVE FUNDS	250,000.00		250,000.00	
TOTAL EXPENSES INCLUDING RESERVES	7,359,157.00	0.00	7,359,157.00	

1. Revisions to budget due to CIP carryover more than estimated, addition of WIFA loan reserve, Compass Bank additional principal and Compass Bank deferral.