

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**Regular Meeting**

**Thursday, October 18, 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 6:00 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:**

September 20, 2018: Forrest McCoy moved that the minutes be approved. Sharon Hillman seconded the motion. It 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. Also see the notes at the end of the minutes.

**C.** Secretary's report –Larry Bagshaw presented a proposed letter calling for applications for the vacant board position. It was accepted and was posted to the website.

**D.** District Manager's Report –As posted to the website.

**6. CONSENT AGENDA**

None

**7. CALL TO THE PUBLIC**

1. Tamara Morgan who is the owner of That Brewery reported that she is having problems with the district communicating with her when there are line breaks and scheduled outages. She would appreciate some notice so that they can stock up on water instead of purchasing water and soft drinks for her customers. In the future, the district will call her directly and also provide her with bottled water.
2. Dave Moore had some general questions. He wanted to know how many users were on the system. We didn't have that number, but told him we had 3200-3400 meters. He also asked about notices for water outages. He did receive a text message, but it was after his water was off. He also wanted to know where he could find the rules and regulations and

the by-laws. They are on the PSWID website. He was told where he could find them on the site.

## 8. OLD BUSINESS

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE STATUS, PRIORITIZATION, AND FUNDING OF CAPITAL PROJECTS.** Presented by Bob Arbuthnot. The Strawberry Knolls 2 project has had all the lines installed and tested. The final services installation will occur the week of October 22. The Strawberry Ranch 2 project will commence as soon as the other is complete, approximately Oct 31. The Milk Ranch 1 well will probably be purged into the Strawberry fire pond. An initial report has been drafted for the Canyon Tanks project and the other tanks. The district will develop a priority list from the report. The plans for the Cool Pines/Water Tank project have been received from the engineering firm. The weekly WIFA Project meetings are ongoing to address current projects and needs.
- II. **UPDATE ON THE SIGETI/GREER CASES.** Bob Arbuthnot/Riley Snow. Greer's plea deal acceptance will take place on Nov. 7 in Globe. Sigeti's status conference is Nov. 13 at 2:30 in Payson. No new information has been received
- III. **UPDATE ON THE POSSIBLE LAW SUIT AGAINST CH2M.** Bob Arbuthnot/Riley Snow. Any information needs to be restricted to an executive session. There has been a change in the strategy the District's attorney is taking.

## 9. NEW BUSINESS

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING CHANGE ORDER AUTHORIZATIONS FOR STANDARD TYPE CONTRACTS. THE PROPOSED ACTIONS WOULD AUTHORIZE THE DISTRICT MANAGER TO ISSUE CHANGE ORDERS TO STANDARD CONTRACTS UP TO FIFTEEN THOUSAND DOLLARS AND THE BOARD CHAIRMAN TO AUTHORIZE CHANGE ORDERS TO STANDARD CONTRACTS UP TO ONE HUNDRED AND FIFTY THOUSAND DOLLARS. NOTIFICATION TO BOARD MEMBERS OF ANY CHANGE ORDER WOULD BE REQUIRED.** Bob Arbuthnot/Cato Esquivel. The board previously authorized these limits for JOC contracts. This was discussed as part of agenda item 9 IV.
- II. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING A CHANGE ORDER FOR THE STRAWBERRY KNOLLS 2 AND STRAWBERRY RANCH 2 WATER LINE REPLACEMENT PROJECT WITH APACHE UNDERGROUND AND EXCAVATING, LLC, IN THE AMOUNT NOT TO EXCEED \$150,000.** Bob Arbuthnot/Cato Esquivel. As construction on Strawberry Knolls 2 proceeded, it was noticed that the line on Spruce Trail and the line to the Strawberry trailer park were not included on the plans. The additional lines to these two areas, air relief valves, and PRVs should run no more than \$150,000 and cover any other unknowns. The funds will come out of the WIFA program Alan Kleinman moved that the district enter into a contract change order for the Strawberry Knolls 2 and Strawberry Ranch 2 water line replacement project with Apache Underground and Excavating LLC in the amount not to exceed \$150,000 and authorize the chairman to sign the change order. Larry Bagshaw seconded the motion. It was requested that the board receive a status update at the

November meeting. Alan changed his motion to include this and Larry approved the addition. The amended motion was approved unanimously.

**III. DISCUSS AND TAKE POSSIBLE ACTION REGARDING ENTERING INTO A CONTRACT WITH ABM ELECTRICAL POWER SERVICES IN THE AMOUNT OF \$30,000 TO REPLACE THE EXISTING METER, PANELBOARD, AND STARTERS AT THE PINE CREEK CANYON DRIVE PUMPING STATION.** Bob Arbuthnot/Cato Esquivel. The discovery of this pumping station during the summer allowed the district to avoid some water outages during June. The electrical work is required to fully activate the pumping station. The funds will come from the district's operating capital budget. Forrest McCoy moved that the district enter into a contract with ABM in the amount of \$30,000 for the pumping station at SR87 and Pine Creek Canyon Road and authorize the chairman to sign the contract. Maher Hazine seconded the motion. The motion was approved unanimously.

**IV. DISCUSS AND TAKE POSSIBLE ACTION REGARDING POSSIBLE CHANGES TO THE RULES AND REGULATIONS FOR PROCUREMENT.** Sharon Hillman. Sharon had reviewed the rules and regulations and presented the board with a list of proposed changes. Each item was discussed. Some suggested changes were altered. After the discussion, Maher Hazine moved the board approve the discussed changes to the rules and regulations. Larry Bagshaw seconded the motion. The motion was approved unanimously. The changes are as follows:

**AXI Section 15.2** Payment of normal office supplies will be made by the Accountant with District Manager approval. Payment will be paid by check or the District Manager credit card when needed. Payment of such credit card constitutes authorization by the Board of Directors for these purchases.

**AXI Section 15.3** Field Supplies & Material under \$2500.00 will be made by the field office supervisor and/or District manager, these purchases will not require pricing of competitive vendors and/or a purchase order. The field office supervisor or District Manager will provide the Accountant with appropriate invoice and delivery ticket of invoice accordingly. Delivery ticket and invoice will indicate a received stamp dated and initialed along with indication in writing as to what the purchase was for.

Any purchase between \$2501.00 and \$9999.00 will require a purchase order, Delivery Ticket and authorization signature along with documentation of competitive pricing (Vendor Pricing Sheet) to be processed for payment.

Any and all purchases above \$9999.00 will require that the Rules be followed:

1. Price quote sheet showing two vendors priced out;
2. Purchase order completed and signed by authorized buyer; and
3. Delivery ticket indicating date of delivery, PO# & person that received product.

If invoice arrives and documentation above is not attached, then it will be returned to the purchaser for completion of documentation before processing of payment is made by the Accountant.

Process of purchases under \$2500.00

1. Order product from preferred vendor;
2. Process delivery of product-stamp delivery receipt received-indicate on delivery receipt what the product is for, i.e.: job location or description of why purchase was made; and
3. Turn in invoice & delivery receipt to account for processing of payment.

Process of Purchases \$2501.00-\$10,000.00

1. Price out product with at least two vendors-document pricing request and what the vendor pricing quote was.
2. Order produce from vendor preferred.
3. Write purchase order for purchase –containing date, product description, where product will be going and amount of purchase including any tax and/or delivery fees. Sign purchase order.
4. Wait for product to be delivered, obtain delivery receipt and stamp received and initial.

5. Turn PO & delivery receipt into accountant for process of payment of invoice when it arrives.

**AXI Section 16. Expenditures of \$10,000.01 to \$50,000.00**

**AXI Section 16.1 Expenditures of \$10,000.01 to \$50,000.00.** Informal bidding process. Any procurement resulting in expenditure from \$10,000.01 to \$50,000.00 shall have been made only after informal competitive solicitation from two or more responsible supplies if available with the requirements of public notification by advertisement.

**AXI Section 16.5.** The board chairperson as chief administrative officer is authorized to execute contracts providing for an expenditure of less than \$50,000.00 unless otherwise provided by resolution or direction of the board. The board chairperson shall present a summary of the expenditure and the supporting information to the board at the next scheduled board meeting. The board chairperson, as chief administrative officer, is authorized to execute any JOC contract providing for an expenditure of not more than \$150,000.00 unless otherwise provided by resolution or direction of the board. In the absence of the board chairperson, the vice chairperson will have the same authorization. The board chairperson or vice chairperson shall present a summary of the expenditure and the supporting information of the board at the next scheduled board meeting.

**AXI Section 17 Expenditures exceeding \$50,000.00 Formal Bidding Process**

**AXI Section 17.1** Unless otherwise provided for or exempt by Arizona Revised Statutes any procurement resulting in an expenditure of more than \$50,000.00 shall have been made only after formal competitive sealed bidding, solicited by public notification, properly received and authorized by the district board.

**Contract Change Orders:** Contracts up to \$1,000,000.00: The board chairperson, as chief administrative officer, is authorized to execute a change order not to exceed 20% of the original contract amount. In the absence of the board chairperson, the vice chairperson will have the same authorization. The board chairperson or vice chairperson shall present a summary of the expenditure and the supporting information to the board at the next scheduled board meeting. The district manager will have authorization to issue change orders for all contracts up to \$15,000.00. The district manager shall present a summary of the expenditures and supporting information to the board at the next scheduled board meeting. For all change orders that exceed 20% of the original contract amount, board approval will be required prior to the work being authorized.

**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.
8. Update on the Strawberry Knolls 2 Strawberry Ranch 2 change order.

**11. MOTION TO ADJOURN.** Forrest McCoy moved the meeting be adjourned. Sharon Hillman seconded the motion. The motion carried unanimously.

**TREASURER’S NOTES:**

WIFA disbursement #8 was submitted on the 10<sup>th</sup> and the total to date is \$1,034,300.74.

On October 15<sup>th</sup>, a payment was made to the WIFA reserve account in the amount of \$25,970.36. This completes the first year reserve amount due of \$100,970.36. The District will continue to make the \$25,000 quarterly to payment to the WIFA reserve account as required.

On October 15, an additional principal payment of \$125,000 was paid to Compass Bank completing last fiscal year’s payment of \$400,000. Going forward, \$100,000 additional principal payments will be made each quarter.

In a discussion with the Audit Partner of Hinton Burdick, the District’s final audit report for last fiscal year will be received within 2 weeks.

Regarding the Network upgrade, I had Smart Systems prepare a map of the network as well as all of the components of the system. I forwarded this information to both of the vendors working on proposals for the Network replacement. We have had 1 conference call with each vendor and a second one is scheduled for the 26<sup>th</sup> with SCI. This will be the final call prior to them providing the District their proposal. We are currently waiting for a proposal from the second vendor.