

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**Regular Meeting**

**Thursday June 20, 2019 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: Bob Arbuthnot, Alan Kleinman, Sharon Hillman, David Wilson, Tammy Albright, and Larry Bagshaw. A quorum was present. Cato Esquivel the district manager was also present.

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

May 23, 2019: Sharon Hillman mentioned that to be correct that the minutes should have David Wilson's legal name in any mention of him. Alan Kleinman moved that the minutes be approved. Sharon Hillman seconded the motion. It was approved unanimously.

**5. REPORTS TO THE BOARD**

- A. District Lawyer's report- None
- B. Chairman's report- As posted to the website.
- C. Treasurer's report – As posted to the website.
- D. Secretary's report – Larry Bagshaw had a couple of questions. One was that shouldn't the new version of the Rules and Regulation be on the website. The other was a question about the pay rate for the Construction Foreman the district is looking to hire.
- E. District Manager's Report –As posted to the website.

**6. CALL TO THE PUBLIC**

None

**7. OLD BUSINESS**

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE STATUS, PRIORITIZATION, AND FUNDING OF CAPITAL PROJECTS.** Presented by Paul Hendricks, EUSI. This report is posted to the website.

- II. PUBLIC HEARING FOR FISCAL YEAR 2019/2020 WATER RATES AND DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE FISCAL YEAR 2019/2020.** Bob Arbuthnot. Bob asked for a motion to open the public hearing. Sharon moved that the public hearing for the 2019/2020 water rates be opened. Larry Bagshaw seconded the motion. The motion carried unanimously. The water rates will remain the same but some of the miscellaneous fees will be changed as listed below: Note 2 –The impact fee applies to a location where service has never been established. The fee for turning water on/off at the customer’s request will be \$50.00. The meter re-read fee if requested by the customer and the initial read was correct will be \$50.00. The meter field test fee if requested by the customer and the meter is good will be \$50.00. The after- hours service fee at the customer request with a minimum fee for 1 hour will be \$125.00 per hour. The fee for adjusting the meter box at customer’s request or due to damage by customer negligence will be \$200.00. A request for meter elevation/relocation at customer request will be \$250.00. Customers will be automatically enrolled in the Water Loss Protection insurance plan with the option to opt out with a monthly fee of \$1.80 for residential and \$5.00 for commercial. David Wilson moved that the board approve the water rates remain the same as last year except for the changes as noted for the Miscellaneous Fees for FY 2019/2020. Larry Bagshaw seconded the motion. The motion carried unanimously. Alan Kleinman moved that the public hearing be closed. Sharon Hillman seconded the motion. The motion carried unanimously.
- III. PUBLIC HEARING FOR FISCAL YEAR 2019/2020 TAX LEVY AND DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE FISCAL YEAR 2019/2020.** Bob Arbuthnot. Sharon Hillman moved that the public hearing for the 2019/2020 tax levy be opened. Larry Bagshaw seconded the motion. The motion was approved unanimously. The tax levy rate will remain the same as last year’s rate which is 1.3981. That will give projected revenue of \$801,271.31 which will be dedicated to loan principle and interest payments to Compass Bank. Alan Kleinman moved that the board approve the tax rate structure which will remain the same as last year at 1.3981 for the FY 2019/2020 and for the county treasurer to collect \$801,273.31 in behalf of the district. Larry Bagshaw seconded the motion. The motion carried unanimously. Larry Bagshaw moved that the public hearing be closed. Sharon Hillman seconded the motion. The motion carried unanimously.
- IV. PUBLIC HEARING FOR FISCAL YEAR 2019/2020 BUDGET AND DISCUSS AND TAKE POSSIBLE ACTION RELATED TO THE FISCAL YEAR 2019/2020 BUDGET.** Bob Arbuthnot. Sharon Hillman moved that the public hearing for the Fiscal Year 2019/2020 budget be opened. Larry Bagshaw seconded the motion. The budget will be the same as presented in the May meeting with two modifications for PSWID CIP Carryover and WIFA Carryover. The budget is attached below. The modifications are highlighted in yellow.

PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT		NOTES
UPDATED PROPOSED BUDGET (CASH BASIS) FOR JUNE 2019/2020		
	Proposed FY 2019/2020	
<b>REVENUE (CASH IN)</b>		
Cash Carry Forward - Reserve Fund	250,000.00	
Debt Repayment Carryforward	200,000.00	
Capital Project Carryforward	201,494.16	1
<b>SUBTOTAL: CARRY OVER</b>	<b>651,494.16</b>	
Property Tax Levies	801,271.31	
Customer Sales	2,076,000.00	
Miscellaneous Revenues	92,000.00	
WIFA Funding	5,155,586.12	2
Potential Grants/Non-Revenue Funds	1,000,000.00	
Sales Tax on Revenues	130,000.00	
<b>SUBTOTAL: CASH IN FLOWS</b>	<b>9,254,857.43</b>	
<b>TOTAL REVENUE</b>	<b>9,906,351.59</b>	
<b>EXPENSES (CASH OUT)</b>		
Operations	425,000.00	
Field Labor & Burden	425,000.00	
Admin	460,000.00	
Board	125,000.00	
Capital Projects/Repairs	179,943.32	1
Infrastructure Repairs	125,000.00	
Equipment Replacement	200,000.00	
WIFA Funding - Capital Projects	5,155,586.12	2
Potential Grants/Non-Revenue Funds	1,000,000.00	
Debt Service/Loan-Compass Bank	425,000.00	
Debt Service/Loan-Compass Bank - Additional Principal	200,000.00	
Debt Service/Loan-WIFA - Principal & Interest	504,851.79	
Debt Service/Loan-WIFA - Reserve Account	100,970.36	
Deferred Debt Repayment- Compass Bank	200,000.00	
Sales Tax on Revenues	130,000.00	
<b>SUBTOTAL: OPERATIONS &amp; CAPITAL EXPENSES</b>	<b>9,656,351.59</b>	
<b>TOTAL EXPENSES</b>	<b>9,656,351.59</b>	
Cash Carry Forward - Reserve Fund	250,000.00	
<b>SUBTOTAL: RESERVE FUNDS</b>	<b>250,000.00</b>	
<b>TOTAL EXPENSES INCLUDING RESERVES</b>	<b>9,906,351.59</b>	

- 1. Capital Projects Carryforward Increased
- 2. WIFA Funding Balance Increased

Larry Bagshaw moved that the board approve the FY 2019/2020 budget as presented. David Wilson seconded the motion. The motion carried unanimously. Larry Bagshaw moved that the public hearing be closed. Sharon Hillman seconded the motion. The motion carried unanimously.

**8. NEW BUSINESS**

- I. **DISCUSS AND TAKE POSSIBLE ACTION REGARDING RENEWING THE CONTRACT WITH HINTON BURDICK FOR AUDITING SERVICES FOR 2019.** Sharon Hillman. Hinton Burdick has been the auditors for the district for the last two years. They have agreed not to increase the audit fees. The

fees will remain at \$18,200.00. Alan Kleinman moved that the board retain Hinton Burdick for the FY 2018/2019 audit and authorize the Chairman and Treasurer to sign the engagement letter. Larry Bagshaw seconded the motion. The motion carried unanimously.

**II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING IMWCC'S REQUEST TO ADDRESS THE BOARD.** Cato Esquivel, Brett Haase, Reese Randall, and Michelle Randall were at the meeting representing IMWCC. IMWCC is working on the waterline replacement project in Pinewood Haven and Rim Vista. They are basically looking for a better partnership and communications with the district. They do not think we are treating the JOC contract with them as a cost plus contract, but as a set rate contract. They were also unhappy with several delayed payments from the district. They are experiencing cost overruns on shading and traffic control. Cato claims that part of it is due to lack of experience with their crew. Reese Randall did admit that they did have a young crew, but part of the problem was with poorly engineered plans. After quite a bit of discussion, it was agreed that the communication problems were a large portion of the discord and that there should be regular meetings set up with Brett Haase, Paul Hendricks, Cato Esquivel, and Bob Arbuthnot.

**9. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTORS MEETING ON JULY 18, 2019.**

- I. An executive session on July 18 at 5 p.m. to discuss the lawsuit with the attorney.
- II. A study work session on July 11 at 6 p.m. to review the WIFA project list and discuss USDA funding.
- III. WIFA update.
- IV. New WIFA projects.
- V. Backflow preventers.

**10. MOTION TO ADJOURN.** Alan Kleinman moved the meeting be adjourned. Tammy Albright seconded the motion. The motion carried unanimously.