

**PINETOP-LAKESIDE SANITARY DISTRICT**

**2600 W. ALISA LN. \* LAKESIDE, AZ 85929 \* PHONE (928) 368-5370 \* FAX (928) 368-6039**

---

**REGULAR SESSION  
MINUTES  
October 12, 2016**

1. CALL TO ORDER

The Board Chair called the Board meeting to order at approximately 6:00 PM.

2. OPENING CEREMONY

Board Member Bluhm led the Board, Staff and Public in the Pledge of Allegiance.

3. ROLL CALL OF BOARD MEMBERS

Present were: Christopher C. Kengla, Board Chair; Paul W. Meier, Board Vice-Chairman; Dennis Bluhm, Board Member and Diana W. Butler, Board Member. Staff Members present were: David J. Smith, District Manager, Mark Heberer, Finance Manager and Linda Lionberger, Executive Assistant. William R. Whittington, Legal Counsel for the Governing Board was also present.

Excused: Mark S. Wessel, Board Secretary

4. CONSENT AGENDA

Board Vice-Chairman Meier stated that under his statement on Page 3, line item number 12, that he did have a wording modification to the Regular Session minutes of September 20, 2016.

Board Vice-Chairman Meier stated that his statement should have read “it will overtime pay for itself rather than it has paid for itself.” Board Vice-Chairman Meier then stated that it was too early to tell if the improvements have paid for themselves.

Legal Counsel recommended to the Board Chair that the motion to approve the Consent Agenda would include all items except the Regular Session minutes of September 20, 2016. Legal Counsel then recommended to the Board Chair that he entertain a second motion to approve the Regular Session minutes as modified.

***Board Vice-Chairman Meier made a motion excluding the Regular Session minutes of September 20, 2016; approving the Executive Session minutes of September 20, 2016; pursuant to A.R.S. §38-431.03 (A) (3) and Executive Session minutes of September 20, 2016; pursuant to A.R.S. §38-431.03 (A) (3) and (A) (4); the Presentation, Approval and Payment of Bills, Invoices, Warrants and Capital Purchases, as presented by Staff. Board Member Bluhm seconded. Motion passed unanimously.***

***Board Vice-Chairman Meier made a motion approving the Regular Session Minutes of September 20, 2016, as modified. Board Member Butler seconded. Motion passed unanimously.***

5. CALL TO THE PUBLIC

The Board Chair read the Call to the Public statement and opened the Call to the Public at approximately 6:04 PM. There were public members present that requested to address the Governing Board.

Mr. David Peterson of 3099 Hi Joe Road, Lakeside, AZ introduced himself and requested to address the Governing Board.

Mr. Peterson stated that he was interested in the Board vacancy position, which was to be discussed under Agenda Item 7. D...

The Board Chair asked Legal Counsel if they could hear Mr. Peterson or should the Board wait until the Agenda Item. Legal Counsel advised the Board Chair that they could hear Mr. Peterson's comments. However, the Board could not discuss his comments until the Agenda Item. The Board Chair stated to Mr. Peterson that the Board was ready to hear his comments.

Mr. Peterson stated that he was interested in becoming a Board Member for the District if the Board was filling the position as they have in the past.

Mr. Peterson thanked the Board for hearing his comment.

The Finance Manager introduced Mr. Neal Whittle of 2750 S. Wild Oak Trail, Pinetop, AZ and Board Member Elect for January 1, 2017.

The Board welcomed Mr. Whittle.

Mr. Whittle addressed the Board and stated that he was a circuit writer for USDA Rural Development Association, he was a certified with an Arizona Department of Environmental Quality Grade IV in Water Collection, Wastewater Collections, Grade II in Wastewater Treatment and he has done the safety training in the area for other entities and the District's personnel over the past ten years.

Mr. Whittle stated that he was delighted to be part of the Sanitary District Board.

There were no other public members that requested to address the Board. The Board Chair closed the Call to the Public at approximately 6:10 PM.

6. REPORTS AND CORRESPONDENCE

Board Chair's Report.

The Board Chair did not have a report.

Board Secretary's Report.

The Board Secretary was excused there was no report.

Manager's Report.

Update – WWTP Upgrade Project

The District Manager reported that the SCADA project was close to completion there was a communication issue that was being worked on. The District Manager then reported that the Plant Upgrade was at 99% completion and that there were a few punch list items. The contractor has packed up and left and that the contractor was working on coordinating with the electrical contractor regarding the items that remain to be completed.

Update - Plant and Collection System Departments Activities

The District Manager reported that the Collections System Department cleaned approximately 4300 linear feet of sewer lines and a couple of manholes. The Collection crews also have been cleaning roots out of some of the sewer lines.

The District Manager reported that the Plant averaged .82 mgd, the Plant was at 98% efficiency regarding the suspended solids and BOD's, the Plant received just under 50 tons of paper/cardboard and sold approximately 157 yards of compost for the month of September 2016.

Update – Plant Electrical Usage

The District Manager reported that item no 3 on his report was the electrical usage, which was based on a quarterly schedule. The District Manager summarized the quarters for the Board, explaining that the first quarter the Plant averaged 156K kWh and for the second month the average was 98K kWh and the third quarter 90K kWh for 2016. The District Manager explained that there was an approximate decrease in the electrical usage of 42%.

Board Vice-Chairman Meier asked the District Manager if historically the winter months indicate a decrease and in the summer month's electrical usage increases because of the seasonal population increases and decreases. The District Manager responded to Board Vice-Chairman Meier that the summer months do increase the electrical usage, because the water temperature of the water was hotter and that makes it harder to keep the air in the water and the seasonal population would also affect the increases and decreases.

The Board Chair asked the District Manager what the 42% decrease equates to average annual dollars. The District Manager responded to the Board Chair that last year the Plant averaged approximately \$15K and last month the Plant's electrical cost was approximately \$9K, which was approximately .10¢ per kWh.

The Finance Manager stated that historically the annual electrical cost was approximately \$200K.

The District Manager reported that the nitrogen removal was occurring and appears to be doing well by the quality of the water. The District Manager explained that Staff views the clarity of the water, which was measured by the suspended solids and if you could hit less than 5 that's good and the Plant has been consistently under 5 for the past couple of months.

Board Vice-Chairman Meier asked the District Manager if the goal was to have the nitrogen level at 10 ppm. The District Manager responded to Board Vice-Chairman Meier that the goal was 10 ppm and that the Plant was under 5 ppm. Board Vice-Chairman Meier asked the District Manager wasn't the nitrogen at 30 ppm. The District Manager responded to Board Vice-Chairman Meier that it was and that the Staff was very happy with the decrease to 5 ppm.

The Board Chair asked the District Manager when the Engineer did the presentation regarding the upgrade he understood that a goal was to get the suspended solids to 93% and that was kind of a benchmark. The District Manager responded to the Board Chair that was a removal rate and that Staff was very pleased with the Treatment process. The Operators are proud of the Plant they are asking questions, training, learning and looking forward to the possibilities of the future of the Treatment Plant process.

The Board Chair asked the District Manager with the upgrades to the Plant what should the BOD's be at. The District Manager responded to the Board Chair that the Plant has always been at 90 to 94 percent. The District Manager stated that the final 3 to 4 percent is sometimes the hardest to achieve.

The Board Chair suggested to Staff that the local newspaper was invited to take photos and do an article regarding the upgrades and what the overall savings mean to the consumers of the District.

The District Manager reported that the picture he included in his report was the type of debris the District received from the recycling bins located at the Mountain Meadow Recreation Facility.

The Board Chair stated that he did appear before the Town Council regarding illegal dumping and that the Council explained that the Police Department was able to enforce the dumping. The Board Chair suggested to the District Manager that perhaps he could discuss the dumping of non-recyclables with the new Town Manager.

The District Manager stated that he did discuss the items with the Town's Vice-Mayor that recently toured the facility and that he was disgusted with what was received. The Vice-Mayor's term was ending over the next few months and he indicated that he was going to bring it up to the Council Members. The District Manager also reported that he did meet with the Town Manager and discussed the recycling bins with him.

***The Manager's Reports and discussions concluded.***

Accounting Report.

The Finance Manager reported that there was a net of 5 connections, bringing the total sewer connected users to 8102 and that there was a decrease in the growth this year. The Finance Manager reported that there was only an additional 18 than last year and that the new sewer connection permit sales were decreased in comparison to last year. The Finance Manager then reported that Staff was on target to hit the budget numbers.

***The Finance Manager's Report concluded.***

7. BUSINESS

A. Discussion, consideration and possible action regarding the WWTP Upgrade Project; Payment Request #7 and Payment Request #8 - Schofield Civil Construction, LLC

The District Manager explained the pay requests were nearing the end and that there was still a retainage remaining on the contract. The District Manager recommended approval of Payment Requests #7 - \$11,641.75 and #8 - \$34,746.25.

The Finance Manager explained that Staff was not going to release the payment of \$34,746.25, until the communication issues with the SCADA were worked out. The Finance Manager did recommend the approval of Payment Request #8.

Board Vice-Chairman Meier asked the Finance Manager if this was the final payment. The Finance Manager responded to Board Vice-Chairman Meier that there still was retainage of approximately \$45K being held.

***Board Member Butler made a motion approving Payment Request #7 to Schofield Civil Construction LLC in the amount of \$11,641.75 and Payment Request #8 to Schofield Civil Construction LLC in the amount of \$34,746.25 for the WWTP Upgrade Project. Board Member Bluhm seconded. Motion passed unanimously.***

**B. Discussion, consideration and possible action regarding a water filtering system**

The District Manager explained that effluent was used throughout the Plant for various functions with the largest user being the belt filter press at 85 gpm. The filtering system would help eliminate the clogging of the filters allowing the water to process through the equipment. The District Manager recommended that the filtering system was approved from Forsta Filters, Inc in the amount of \$9,235.00 plus taxes and shipping charges.

Board Vice-Chairman Meier asked the District Manager if the filters would be located into two separate areas or if it was a sequence of filters. The District Manager responded to Board Vice-Chairman Meier that there were two separate locations; one would be by the belt filter press and one down in the gallery. The District Manager explained that the way the Plant plumbing was designed and installed that he couldn't just install one, because of the original Plant on the hill and the newer Plant area were plumbed separately.

***Board Member Butler made a motion approving and accepting the bid from Forsta Filters, Inc., in the amount of \$9,235.00, plus taxes and shipping charges. Board Member Bluhm seconded. Motion passed unanimously.***

**C. Discussion, consideration and possible action regarding the District's annual Audit/Financial Statements Fiscal Year End July 1, 2015 through June 30, 2016**

The Finance Manager explained that he did not receive the hard copy of the Audit for the Board and that he recommended tabling this Agenda Item to the November 9, 2016, Board Meeting.

Legal Counsel recommended to the Board Chair that if it was tabled it should be done under motion. Legal Counsel advised the Board Chair that if the Board decides to ignore the Agenda Item then it would be scheduled on a future Board Meeting Agenda.

***Board Member Bluhm made a motion that the District's Annual Audit/Financial Statements for Fiscal Year End July 1, 2015 through June 30, 2016, was tabled to the November 9, 2016; Board Meeting. Board Vice-Chairman Meier seconded. Motion passed unanimously.***

**D. Discussion, consideration and possible action regarding filling the Board Member Vacancy with a four year term from January 1, 2017 through December 31, 2020**

The District Manager explained that there was a vacancy beginning January 1, 2017 and that there was a procedure per the PLSD Governing Board of Directors Bylaws/Rules of

Procedure and that Staff was looking for direction as to a timeframe of advertising for the vacancy and when the Board would like to meet with the prospective candidates. The District Manager also asked if the Board would like a Special Board Meeting to meet with the candidates.

Board Member Bluhm stated that he would like to give Staff enough time to advertise and receive applications and perhaps have a Special Board Meeting.

Board Vice-Chairman Meier asked if there would be enough time to handle it at the December Board Meeting.

The District Manager responded that the timeframe depends on the advertisement in the newspaper and to give the Board enough time to review the applications.

The District Manager stated that the Board Chair would not be available in December.

The Board Chair suggested that a Special Board Meeting was scheduled for the end of November.

***The Board Chair directed Staff to schedule a Special Board Meeting to interview prospective candidates and make a possible decision regarding filling the Board vacancy position.***

E. Discussion, consideration and possible action regarding future sewer projects

The District Manager explained that the Mogollon to Hilltop Project was delayed because of a property owner dispute and that this project was approximately \$237K, there would be a reconnection of 4 existing customers and 2 new customers, and this would eliminate a lift station with 1961 linear feet of 8" sewer lines.

The District Manager explained that the Hilltop to Pioneer project was approximately \$171K; there would be 10 new connections and approximately 1652 linear feet of 8" sewer lines.

The District Manager explained that the Oxen Lane Project was 8 new connections with 663 linear feet of 8" sewer lines and the construction estimate was approximately \$90K.

Board Vice-Chairman Meier asked the District Manager if the two properties adjacent to Hilltop were already connected to the sewer off of Hilltop. The District Manager responded to the Board Vice-Chairman Meier that they are connected to the sewer located on Hilltop. The District Manager explained that there was a property owner that met with Staff today and indicated that he was not interested in sewer.

The District Manager explained that the process of Staff was to mail the property owners of the proposed project areas and to find out if there was interest in receiving sewer. The

District Manager explained that the District doesn't want to go into areas that there was a majority of property owners not interested in sewer.

The Board Chair asked the District Manager if the projects would be done in-house. The District Manager responded to the Board Chair that the District doesn't have the equipment or manpower at this time to do the projects. The District does have the expertise but not the manpower or equipment.

Board Vice-Chairman Meier recommended to the District Manager if the property owners are interested in moving forward with sewer in their neighborhood that he would like to see the property owners get an accurate cost figure for their connection fees and not just see several numbers thrown out there. The District Manager explained to Board Vice-Chairman Meier that these areas are in the District boundaries and that it was approximately \$6300.00 in connection fees that the actual construction costs were not spread out.

Board Vice-Chairman Meier indicated that he had a discussion with a property owner and that they were interested in sewer and wanted to know what the costs would be.

Board Vice-Chairman Meier suggested that in the letters of interest to the property owners that cost be included.

The District Manager explained that in these types of areas costs are easier to disclose.

Board Member Butler asked the District Manager if a project needs to be chosen or could all projects be considered. The District Manager responded to Board Member Butler that the projects could all be considered and letters of interest mailed to the property owners.

The District Manager explained that there were other projects he was considering and they were: replacement of the Pinetop Lakes Lift Station, recoating of the gallery roof and replacing the asphalt driveway area north of the existing concrete driveway. The District Manager explained that these were maintenance items and would take additional monies.

The Board Chair asked the District Manager if these items could be considered next year. The District Manager responded to the Board Chair that they could be considered for next year. However, he would like to do the re-coating of the gallery roof this fall because it was leaking.

The Board Chair asked the District Manager what was a ball park figure of replacing the lift station. The District Manager responded to the Board Chair that it was approximately \$40K.

Legal Counsel asked the District Manager if he was looking for a motion or direction for the projects to move forward. The District Manager responded that he wasn't looking for

direction once he had additional figures he will bring the project before the Board for the next step in moving forward with the project.

Board Member Butler complimented the District Manager and Staff regarding the information that was provided for consideration of the future sewer projects.

F. Discussion, consideration and possible action regarding the purchase of a crew vehicle

The District Manager explained that Staff was looking at replacing the crew vehicle. However, because of the recent vehicle accident the replacement of the vehicle was moved forward. The crew was stopped at the red light at the intersection of the Hospital and Walgreens and that the vehicle that rear ended the District's vehicle skidded approximately 135 feet before hitting the District's vehicle. The District Manager explained that the vehicle value was approximately \$8,000.00 and that the price to repair the vehicle was approximately \$13,474.00, the vehicle is a 2003 GMC Crew Truck. The District Manager explained that he thought the frame was bent and that the employees were doing okay with some soreness.

The District Manager explained that Staff has located through a local dealership a 2016 Ford F250 Regular Cab, for \$37,376.45 and that the District could receive it within a week. The Dealership was working with the State Contract Pricing.

Board Vice-Chairman Meier asked the District Manager if there would be some type of monies received for the vehicle from the other insurance company. The District Manager responded to Board Vice-Chairman Meier that he believes there would be some type of settlement and that Staff was working on getting a copy of the accident report.

The Finance Manager explained that he did request a copy of the accident report from the Show Low Police Department and that it would be mailed to the District, that it wasn't available electronically.

The District Manager explained that the crew would like to have a crew vehicle with a crane/boom to pull pumps at the lift stations and those type of vehicles cost approximately \$65,000.00. The District Manager stated that if the Board would like him to look for that type of truck he could.

Board Vice-Chairman Meier asked the District Manager how the Staff pulls the pumps now. The District Manager responded to Board Vice-Chairman Meier that they use a backhoe to pull the pumps. Board Vice-Chairman Meier asked the District Manager how many times a year do they pull the pumps. The District Manager responded to Board Vice-Chairman Meier that they pull the pumps at least once a year. The District Manager explained that there was a smaller crane on one of the service trucks for the lift stations with the smaller pumps that are 3 to 5 horsepower, but for the larger lift stations they need to use the backhoe.

The District Manager explained that the same dealership representative indicated that he could locate the District a service truck with the boom for approximately \$55K to \$60K.

The Board Chair asked the District Manager from the safety prospective would the boom truck versus the backhoe provide a safer environment for the employees. The District Manager responded to the Board Chair that with the boom it was more controllable and you set it pull the pump and the arm would swing to set the pump down where the crew could work on it.

Board Vice-Chairman Meier asked the District Manager have there been any safety incidents with the current method of pulling the pumps. The District Manager responded to Board Vice-Chairman Meier that he was not aware of any safety incidents with the current method.

The Board Chair stated that with the OSHA requirements and using a backhoe with chains that looking at the overall safety for the employees that it could be advantageous to consider the purchase of a boom truck.

Board Vice-Chairman Meier asked the District Manager for his recommendation regarding the purchase of the boom truck. The District Manager responded to Board Vice-Chairman Meier that it was advantageous for the employees to have the right tools to do their job and that the other aspect he looks at would be why does the District need to spend the additional dollars for a vehicle that may only be used once a month. The District Manager stated that the boom truck would provide the crew the tools to do their job.

Board Vice-Chairman Meier asked the District Manager what type of pressure would there be for the crews if the Board asked for additional information on a vehicle to be brought back to the Board in November. The District Manager responded to Board Vice-Chairman Meier that there are vehicles they can drive, they don't have the tools on them, but they will work with it. The District Manager stated that he could get a truck within the next two weeks. Board Vice-Chairman Meier asked the District Manager if the 2003 has been in service since 2003. The District Manager responded to Board Vice-Chairman Meier that it has been in service since 2003. Board Vice-Chairman Meier stated that the District has received thirteen years out of that vehicle and if the District could receive thirteen years out of the boom truck that would not be a bad return on the District's monies.

The District Manager stated that he could contact the dealership's representative to locate a boom truck for the \$55K to \$60K. If he was to locate a vehicle Staff could determine if it was a reasonable vehicle in good condition and if the deal was not workable Staff could revert back to the purchase of the service truck.

The Board Chair recommended that a motion was entertained to authorize the District Manager to purchase a boom truck not to exceed \$60,000.00.

***Board Vice-Chairman Meier made a motion authorizing the District Manager to pursue a new service truck including the boom that would be useful to the Staff not to exceed \$60,000.00. Board Member Bluhm seconded. Motion passed unanimously.***

8. FUTURE AGENDA ITEMS

A. The Board requested that the following Agenda item was scheduled for the November 9, 2016 Board meeting:

- (1) District's Financial Audit.

***The Board Chair directed the Board Members if they have any items for the Agenda to contact the District Manager.***

9. ADJOURNMENT

The Board Chair adjourned the meeting at approximately 7:00 p.m.

Adopted and approved this 9th, day of November, 2016.

/s/ Christopher C. Kengla  
Christopher C. Kengla, Board Chair