

**PINETOP-LAKESIDE SANITARY DISTRICT**

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

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**REGULAR SESSION  
MINUTES  
January 10, 2018**

1. CALL TO ORDER

Board Vice-Chair Butler called the Board meeting to order at approximately 6:03 PM.

2. OPENING CEREMONY

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

3. ROLL CALL OF BOARD MEMBERS

Present were: Diana W. Butler, Board Vice-Chair, Neal Whittle, Board Secretary, Patrick B. Place, Board Member and Christopher C. Kengla, Board Member. Staff Members present were: David Smith, District Manager; Mark Heberer, Finance Manager and Linda Lionberger, Executive Assistant.

Attendance by telephone: Paul W. Meier, Board Chair (at approximately 6:05 PM)  
William R. Whittington, Legal Counsel (at approximately 6:04 PM)

4. CONSENT AGENDA

*Legal Counsel was in attendance by telephone here.*

*Board Secretary Whittle made a motion approving the Consent Agenda, which included the minutes of December 13, 2017, Regular and Executive Sessions; the Presentation, Approval, and Payment of Bills, Invoices, Warrants and Capital Purchases, as presented by Staff. Board Member Place, seconded. Motion passed unanimously.*

5. CALL TO THE PUBLIC

Board Vice-Chair Butler read the Call to the Public Statement and opened the Call to the Public at approximately 6:05 PM.

*Board Chair Meier was in attendance by telephone here.*

Mr. John Beeler of the Veterans of Foreign Wars Post #2364 was present to address the Board.

Mr. Beeler presented the District with an appreciation plaque for the District's Staff's participation with the Patriots Pen program sponsored by V.F.W. Post #2364.

Mr. Beeler stated that Mr. Smith, Mr. Heberer and Ms. Lionberger have been very instrumental in providing their services judging the Patriots Pen. Mr. Beeler explained that the Patriots Pen was an essay written with approximately 300 words, by local Junior High School Students. Mr. Beeler contacts the District's Staff and a team was put together to judge the essays, this is done normally the first two weeks of November. There are normally 100 essays that are judged, the judges do not know who has written the essays, they just read the essays and judge according to the criteria given to the students. The Students who do place in the top receive certificates and plaques at an assembly at Blue Ridge Junior High School.

Mr. Beeler stated that he was here to let the Board Members know how much he appreciated the District's Staff participation and present the Board Members with the plaque for the District from the V.F.W. Post #2364. Mr. Beeler introduced Mr. Eddie Zazveta, Jr., who is the Jr. Vice Commander of V.F.W. Post #2364.

Mr. Zazveta read the plaque to the Board and handed the plaque to Board Vice-Chair Butler.

Mr. Beeler and Mr. Zazveta thanked the Staff and District.

Board Vice-Chair Butler thanked Mr. Beeler and Mr. Zazveta for their attendance and the appreciation plaque.

***Board Vice-Chair Butler asked the public present if they would like to address the Board. There was not a response; therefore, Board Vice-Chair Butler closed the Call to the Public at approximately 6:15 PM.***

6. REPORTS AND CORRESPONDENCE

Board Chair's Report.

Board Chair Meier did not have a report.

Board Secretary's Report.

Board Secretary Whittle did not have a report.

Manager's Report.

Update – Collection System Department activities.

The District Manager reported that the Collection System crew cleaned approximately 7,200 linear feet of sewer pipe.

The District Manager reported that two employees in the Collection System Department were attending ADEQ Certification training this week and they would be taking a test to obtain a higher ADEQ Certification.

The District Manager introduced Mr. Calvin Brown the Collection System Supervisor who was retiring as of February 2, 2018. The District Manager thanked Mr. Brown for all his dedication and service he has provided to the District.

Board Vice-Chair Butler thanked Mr. Brown for all of his dedication to the District, she let him know that he will be missed, that he provided that personal and professional contact with the customers and the Staff of the District.

The District Manager reported that Mr. Mike Baker was promoted to the Collection System Supervisor Position and he then introduced Jed Quade who was hired for the Collection System Department. The District Manager also reported that Mr. Quade has experience in operating backhoes, loaders, installing sewer and water pipelines and has been a good acquisition to the Staff.

Board Member Kengla thanked Mr. Brown for all his years of service and wished him the best in his retirement.

Board Chair Meier thanked Mr. Brown for his dedication to the District and his years of service.

Board Secretary Whittle thanked Mr. Brown and said what a bummer to lose Mr. Brown and wished him the best in his retirement.

The Board Members welcomed Mr. Quade to the District.

***Mr. Brown and Mr. Quade exited the meeting.***

The District Manager invited the Board Members to an appreciation and retirement lunch for Mr. Brown on Thursday, January 18, 2018 at 11:30 AM.

Update – Plant Department activities.

The District Manager reported that the average flows decreased from 1.0 mgd for the year, the average was at .70 mgd, for the month of December. The annual average was 0.97 mgd, which was a 14% increase from 2016. The organic removal was at 97%, the nitrogen results were 1.2 mg/L, for the month of December, with the annual average of 4 mg/L, which was a 78% decrease from 2016.

The District Manager reported that the new system was completed August of 2016 and that for the one year annual average of the electrical usage it was at 80K kW hours and in 2016 it was 98K kW hours. When, approximately 4 years prior the usage was at 160K kW hours.

Board Chair Meier asked the District Manager, at the last meeting it was discussed that the power reduction was at approximately 40% plus, at different times. The numbers indicate a reduction of approximately 20%; was this something the District could expect moving forward. The District Manager responded to Board Chair Meier that the 40% reduction was based on previous to the new equipment installation. The information was 2015 and going back in the history. Board Chair Meier stated that the District did implement the replacement equipment at the end of last year and there was a reduction and that he saw the District experience an additional reduction. The District Manager stated that the 80K kW hours was a snapshot of running the new equipment/program in the Plant over the past twelve months. Board Chair Meier asked the District Manager then previously was the Plant running at 110K kW hours in 2015. The District Manager responded to Board Member Meier that the Plant was running at 160K kW/hours in 2015. Today the Plant was running right at 50% less in kW hours than previously and the Plant was experiencing a better treatment process. The nitrogen removal has improved the consistency of the treatment process of the suspended solids and the BOD removal has improved with the Staff being able to control the treatment process.

The District Manager reported that the Compost Facility received 40 tons of paper/cardboard; produced 97 tons of compost and sold 2 yards. The District Manager also reported that the paper/cardboard recycling bins have been relocated from the Park to the District and when the customers ask about the relocation Staff explains that the District was receiving too much illegal dumping at the Park. Once the Staff explains the reason the public members appear to be happy with the explanation.

Board Secretary Whittle stated that he has seen a little bit of illegal dumping where the bins were located.

The District Manager reported that since the bins have been moved to the District there has been minimal illegal dumping and that a camera was installed.

Board Member Kengla asked the District Manager if the recycling bins by the Shell Station were still for recycling and did the contents still come to the District. The District Manager responded to Board Member Kengla that it does still come to the District. The District Manager explained that there are several recycling bins at business locations and that the bins are controlled by those businesses and the contents still come to the District.

Board Member Kengla commented that if individuals would go to Europe they would see how much recycling was done it was amazing and an eye opening education of how those countries handle recycling and handling the trash to a minimal. Board Member Kengla stated that we should pat ourselves on the back for being the only avenue of recycling in the community and that it was a cost of doing business.

Board Member Place discussed that in Portland Oregon there were approximately 4 bins for recycling for the community members and that it was really slick.

Board Member Kengla responded to Board Member Place that there was the age old thing that you can't legislate intelligence. It is prestigious of how clean it is in some of those bigger cities and in other countries. People should be conscious of living up here in this community and how beautiful and pristine it is, but there are always those individuals that will illegally dump in the area and in our forest.

Board Member Kengla stated that until the City could fine the illegal dumpers there wasn't much an individual could do.

The District Manager stated that he made a suggestion to the Town Manager about installing a dumpster at their location or at the Park and collecting a fee for people to dump their trash that might help curtail some of the illegal dumping.

Board Vice-Chair Butler discussed that there was a green waste dump site for individuals to take their yard waste to for a fee. The public just has to get use to paying there are costs involved for all businesses and entities.

Board Member Place let everyone present know that there was a meeting at the Town Hall on Friday, January 12, 2018, for the business owners and public to discuss the reason that businesses are struggling, closing and leaving the area. Board Member Place encouraged individuals to attend.

Board Member Kengla stated that the District was green and he was proud of what the District does.

Board Vice-Chair Butler concurred with Board Member Kengla.

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

#### Accounting Report

The Finance Manager reported that the District decreased by 1 connection, because of a disconnect resulting in the total sewer connections of 8,172. The District's budget was on track.

The Finance Manager reported that Navajo County has noticed the District that they were increasing their fee to collect the Ad Valorem taxes to .50 per unit, which would result in an increase from approximately \$22K to \$33K per year.

The Finance Manager reported that when the article of the Camel Truck was in the newspaper he did receive quite a bit of flack regarding spending the funds. The Finance Manager indicated that his response to the public was that the District has not increased

the sewer user fee rates over the past four years and that the Staff has taken on additional workloads with the same or less Staff members. The Staff looks for more efficient ways to get the job done at minimal costs.

Board Vice-Chair Butler stated that she has seen the vehicle out and about working, so if anyone has any comments she would be happy to answer any of their questions.

Board Member Place stated that the District Manager and the Board Members did anticipate that there could be questions regarding the expenditure of the monies and the purchase. However, it was good for the community members to see the results of the purpose of the purchase, what the truck does and that rates have not increased over the past four years.

Board Secretary Whittle stated that it was good for them to see the truck out there working in their neighborhood.

The Finance Manager discussed that he does receive questions of why a family of 1 pays the same as of family of 4. The Finance Manager indicated that he explains to the consumer that the cost to clean the water is the same and that the District tries to keep costs reduced so that rates do not increase just because.

Board Member Kengla stated that the District conducts the entity as a business and that the Staff is frugal and there are costs to doing business.

The Finance Manager responded to Board Member Kengla that the money received is taxpayers money not our money and each Department looks at the funds available and if it isn't necessary then we don't buy it, we find better ways to get the job done at minimal costs.

Board Member Place stated to the Finance Manager taking every opportunity when you receive a phone call explaining to the consumer that the rates haven't increased and let the public know, how and where their dollars are spent.

Board Vice-Chair Butler stated that the Staff has done a good job and that was reflected by what the District has accomplished over the years.

The Finance Manager stated that when Mr. Quade applied for the District's position he went and obtained his ADEQ Certification and Commercial Driver's License. He did this because he knew that was a job requirement based on the job position. That's the type of employees the District's Staff hires.

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

7. BUSINESS

Discussion, consideration and possible action regarding, the sale of the 2001 Camel Truck.

The District Manager discussed that the Town Of Taylor approached the District to purchase the vehicle. The District Manager recommended the sale of the vehicle to the Town of Taylor.

The District Manager explained that the offer of \$60,000.00 from the Town of Taylor was a fair offer and that he did not want the vehicle to be sold for pennies on the dollar. The District Manager had researched the range for the vehicle and it was from \$55K to \$105K and that he discussed the price with the District's Legal Counsel because of the public property and wanted to be sure he was following the proper protocol. The District could keep the vehicle; it would have to be housed and maintained to keep it operable.

Board Chair Meier asked the District Manager if you would list the vehicle on the trade publications through the industry was the price going to be \$60,000.00. The District Manager responded to Board Chair Meier that he would list it for \$70,000.00, and planned to go down to \$60,000.00, because this was a fair market value based on like vehicles on the website.

Board Chair Meier stated that in his opinion the vehicle sitting in the yard just deteriorates and then the vehicle's value decreases.

Board Member Place asked the District Manager if there would be any value in donating the vehicle for a tax credit. The Finance Manager responded to Board Member Place that there would not be any financial benefit, because the District doesn't pay any taxes.

The District Manager also responded to Board Member Place that Legal Counsel has indicated that it was public property and donating the vehicle would not be a financial benefit to the public.

Board Chair Meier stated that moving forward with the sale would be the best benefit for the District, using the vehicle maybe once or twice a year and having it sit wasting away would not be a benefit to the District or the public.

Board Member Place asked the Finance Manager where the monies collected would be deposited. The Finance Manager responded to Board Member Place that the monies would be deposited to the District's general coffers unless the Board directs the funds to go into the replacement fund, it would be treated as income (salvage sales).

The District Manager asked the Board Members if they are recommending an approval to move forward with the sale of the vehicle to the Town of Taylor and collect the funds.

Board Vice-Chair Butler asked the District Manager if he has cleared the sale of the vehicle with the District's Legal Counsel. The District Manager responded to Board Vice-Chair Butler that he has cleared the sale with the District's Legal Counsel.

Legal Counsel advised the Board Members that the District cannot gift the property as a governmental agency and that the file should be documented with the good faith effort establishing the price.

***Board Chair Meier made a motion authorizing the District Manager to move forward with the sale of the 2001 Camel Truck to the Town of Taylor, for the amount of \$60,000.00. Board Member Kengla, seconded. Motion passed unanimously.***

Discussion, consideration and possible action regarding, Replacement of the Pinetop Lakes #1 Lift Station.

The District Manager discussed that the Lift Station has been discussed for replacement in the past and that it is coming to the time for the project. The pump is a vacuum pump and it could possibly last another year. The District Manager solicited three bids and only received two bids. Smith and Loveless came back with the best pricing and because of the location of the lift station a backhoe cannot get back there to remodel the station. The Lift Station is an above ground station and it would have minimal negative disruption during the remodel period. The replacement cost would be \$47,037.00; excluding taxes.

Board Member Place asked the District Manager the location of the Lift Station. The District Manager responded to Board Member Place that it was located in the Pinetop Lakes Area off of Buck Springs up from Mark Twain and was located behind a home.

Board Member Kengla asked the District Manager what type of longevity the District received from the pumps. The District Manager responded to Board Member Kengla that it was installed in the early 1980's and that there has been pump replacements. Board Member Kengla also asked the District Manager if the panels would be replaced. The District Manager responded to Board Member Kengla that the panels would also be replaced.

Board Member Place asked the District Manager if the Lift Station pumps would be increased in size. The District Manager responded to Board Member Place that they would not be increasing the size due to the location of the Station.

Board Vice-Chair Butler asked the District Manager to confirm the cost figure. The District Manager responded to Board Vice-Chair Butler confirming the replacement cost of \$47,037.00, excluding taxes.

Board Member Kengla asked the District Manager what was the cost of the taxes. The District Manager responded to Board Member Kengla that the taxes would be approximately 10%, which would be approximately \$4,000.00.



***Board Member Kengla made a motion approving the Replacement of the Pinetop Lakes #1, Lift Station Project not to exceed \$52,000.00 and subject to the District Manager's approval of the form of agreements submitted by the vendor and that the statutory requirements are met. Board Chair Meier seconded. Motion passed unanimously.***

Discussion, consideration and possible action regarding adjusting the District Manager's wage to reflect the car allowance.

The Finance Manager explained that the Car Allowance commenced several years ago. At one time there was a vehicle provided to the District Manager. When the car allowance was initiated the District Manager was not provided with a vehicle. The I.R.S. views that the car allowance was a non-accountable expense. It is the responsibility of the District Manager to keep a record of his car expenses. If the car allowance was adjusted to his salary the current District Manager's wage scale would need to be adjusted. However, this is not in the District's rules and regulations and once you are at the top of your grade there are no more merit increases. Rolling the annual car allowance of \$600.00 a month would implement an increase in benefits for the Arizona State Retirement System, Medicare and Payroll Taxes.

Board Vice-Chair Butler asked the Finance Manager if the Board could change the salary range. The Finance Manager responded to Board Vice-Chair Butler that the Board could make the change to the salary range.

Board Member Kengla asked the Finance Manager what was the amount to take care of the deductions. The Finance Manager responded to Board Member Kengla that the amount would be approximately \$6,374.50 after the deductions. To figure the amount you would divide the dollar amount by 2080 hours and increase the hourly wage.

Board Vice-Chair Butler discussed with the Finance Manager the costs and the reduction of the cost referring to a memo provided to the Board from the Finance Manager.

Board Member Kengla asked the Finance Manager what the ceiling of the wages would need to be. The Finance Manager responded to Board Member Kengla that it would need to increase \$7,200.00. The District Manager also responded to Board Member Kengla that the wage scale ceiling was \$124,000.00 and that the increase to the range would need to be increased to approximately \$132,000.00.

The Finance Manager confirmed with the Board Members that the car allowance would be discontinued as the District moves forward. Board Vice-Chair Butler stated to the Finance Manager that it would be discontinued, upon approval of rolling it into the District Manager's annual salary.

***Board Chair Meier made a motion to increase the District's Manager's salary cap \$7,200.00. Board Member Kengla seconded.***

The District Manager discussed with the Board Members the salary range cap.

Board Chair Meier discussed with Board Vice-Chair Butler that as a reminder the District Manager was receiving \$600.00 a month to spend and was not reportable that the adjustment to the salary would include the deductions. Does the Board want to increase to \$7,200.00 or the figure that was netted out to be approximately \$6,300.00?

The District Manager responded to Board Chair Meier that he was okay with the \$7,200.00 adjustment to his annual salary.

***Board Chair Meier amended his motion to increase the District Manager's salary cap \$7,200.00 and approve an adjustment increasing the District Manager's annual salary to include the \$7,200.00 car allowance. Board Member Kengla seconded. Motion passed unanimously.***

8. FUTURE AGENDA ITEMS

***Board Vice-Chair Butler requested that if any of the Board Members had any Agenda item(s) for the scheduled Board Meeting of February 14, 2018, to contact the District Manager.***

9. ADJOURNMENT

Board Vice-Chair Butler adjourned the meeting at approximately 6:59 PM.

Adopted and approved this 14<sup>th</sup>, Day of February, 2018.

/s/ Paul W. Meier

Paul W. Meier, Board Chair