

PINETOP-LAKESIDE SANITARY DISTRICT

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

**REGULAR SESSION
MINUTES
March 14, 2018**

1. CALL TO ORDER

Board Vice-Chair Butler called the Board meeting to order at approximately 6:00 PM.

2. OPENING CEREMONY

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

3. ROLL CALL OF BOARD MEMBERS

Present were: Diana W. Butler, Board Vice-Chair, Neal Whittle, Board Secretary and Patrick B. Place, Board Member. Staff Members present were: David Smith, District Manager; Mark Heberer, Finance Manager, Linda Lionberger, Executive Assistant and Alexandria Shea, Planning & Design. William R. Whittington, Legal Counsel for the Governing Board was present by telephone.

Excused: Paul W. Meier, Board Chair
Christopher C. Kengla, Board Member

4. CONSENT AGENDA

Board Secretary Whittle moved approving the Consent Agenda, which included the minutes of February 14, 2018, Regular Session; 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 noted that there was not any public present.

6. REPORTS AND CORRESPONDENCE

Board Chair's Report.

Board Chair Meier was excused.

Board Secretary's Report.

Board Secretary Whittle reported that he was out and about and noticed the new Camel Truck out in the field and it looked great.

Manager's Report.

Update – Collection System Department activities.

The District Manager reported that the Collection System crew cleaned approximately 14,000 linear feet of sewer pipe, some of the sewer line cleaning was a repeat of cutting roots. They also inspected approximately 10,000 linear feet of sewer lines.

Mr. Whittington attended by telephone from this point forward.

The District Manager reported that the Collection System Department Crew installed a sewer line in the Pinetop Lakes Country Club area. He reported that the house was located on the property and was connected to the same sewer line as the Club House and a line was installed to separate the house from the Club House sewer lateral and there were also two other parcels that could connect to the newly installed sewer line. He also reported that the house was connected to the force main serving the Quality Hills development.

There was a discussion of where the Quality Hills Development was located and the assumption of why the house was connected to the sewer line. The assumption was that the house was possibly the Manager's house and that was why it was allowed to connect into the sewer line several years ago.

Update – Plant Department activities.

The District Manager reported that the average flows were about the same as last month just a little over .71 mgd, the organic removal was 98%, and the nitrogen results were 2.1 mg/L.

The District Manager reported that the District received 32 tons of paper/cardboard; compost produced was 41 tons and compost sold was -0- yards. The District Manager also reported that this was the time of year that the compost was in demand, so the stockpile should start reducing.

The District Manager reported the annual meeting of the Little Colorado Coalition was scheduled for April 6, 2018, to be held in Executive Session and if any Board Members were interested in attending to let him know so he could RSVP by April 2, 2018 and if a quorum attends the meeting does need to be posted.

Board Vice-Chair Butler and Board Member Place responded that they would not be in attendance. Board Secretary Whittle responded that he would like to attend.

Mr. Smith reported that Staff would contact Board Chair Meier and Board Member Kengla to see if they would be interested in attending.

The Manager's Reports and discussions concluded.

Accounting Report

The Finance Manager reported that there were nine new connections for the month of February 2018. District revenues indicate an approximate surplus of \$100K; some of the surplus is contributed to the sale of the Camel Truck. Expenses overall have decreased, budget FYE 2017/2018 was looking good.

The Finance Manager's Reports concluded.

7. BUSINESS

Discussion, consideration and possible action regarding, a temporary Sewer Service Agreement for Assessor's Parcel Number 212-07-009C.

The District Manager discussed that the parcel is not located within the District's Boundaries but sewer was available to the property. The property owner has asked for temporary sewer service to provide services for a family reunion taking place this summer. The property owner would be responsible for any fees and sewer connection costs.

Board Member Place asked the District Manager if the District's legal counsel had reviewed the Agreement. Mr. Whittington, Legal Counsel for the District responded to Board Member Place that he did discuss the Agreement with the District Manager and per their discussion he did not see a problem with it as long as A.R.S. §38-511 was included or that the Small Contract Addendum Agreement could also be attached.

Legal Counsel Whittington advised the Board that he had not reviewed the written Agreement.

The District Manager responded to Legal Counsel Whittington that A.R.S. §38-511 was included on Page two of the Agreement.

Board Member Place asked the District Manager if there would be any liability to the District. The District Manager and the Finance Manager both responded to Board Member Place that there shouldn't be any liability to the District.

Board Vice-Chair Butler asked Legal Counsel Whittington if it all looked okay. Legal Counsel Whittington responded that a motion should include subject to Legal Counsel Review and approval.

Board Member Place moved approving the Temporary Sewer Services Agreement for Assessor's Parcel Number 212-07-009C, subject to Legal Counsels review and approval. Board Secretary Whittle seconded. Motion passed unanimously.

Discussion, consideration and possible action regarding a request from Mr. Keith Webb regarding a Community White Paper Recycling Project.

The District Manager discussed that Mr. Webb respectfully withdrew his request.

No action was taken.

Discussion, consideration and possible action regarding a Lift Station Maintenance Agreement for Starlight Ridge with the Home Owners Association (HOA).

The District Manager discussed that the District has twenty Lift Stations and that of the twenty only nineteen are owned and maintained by the District. The one Lift Station not owned by the District, but maintained by the District is Starlight Ridge. The ownership of the Lift Station is by the Home Owners Association (HOA). When repairs or maintenance are required for the Lift Station the District sometimes bills the HOA, the billing depends on what is reported to the support Staff for billing purposes. The Lift Station is also part of the District's SCADA System and was Engineered and built to the District's Specifications. Staff is not sure why the District did not assume ownership after the development was completed, but in Staff discussions there was the question of why we don't take ownership. Staff's question was it fair to the HOA, because all the other developments with Lift Stations have been transferred to the District.

Board Member Place asked the District Manager what year was it installed. The District Manager responded to Board Member Place that it was installed around 2005; it has a grinder pump and is located in a low spot in the development. It is installed in an unpreferable spot, but is unable to be relocated.

Board Member Place asked the District Manager was the repair and maintenance Agreement in writing with the HOA. The District Manager responded to Board Member Place that the Agreement is in writing.

The District Manager discussed with the Board that taking ownership of the Lift Station has only been discussed amongst the Staff and not with the HOA.

Board Member Place asked the District Manager if he has taken the time or had the time to review a history of the man hours and costs to place an approximate cost of the Lift Station, after the District takes ownership. The District Manager responded to Board Member Place that he does have some of the history of the costs and man hours, but not all.

The District Manager and the Finance Manager discussed with the Board that the shredders rings are replaced once a year at an approximate cost of \$3,000.00; some man

hours are accounted for and the replacement of pieces of equipment is sometimes kept track of. The crew is not always aware that the Lift Station is not owned by the District. It is treated as one of the District's Lift Stations and repairs are done as needed. The Lift Station is on what is called the "Pump Run".

The District Manager discussed there was one of the District's Lift Station that costs are higher and there are for fewer homes and that Starlight Ridge costs are lower and that the other Lift Station was built to the District's Specifications and owned by the District. He also discussed that the Starlight Ridge Lift Station pumps to the Scotts Pine Lift Station then to the Lakeside Lift Station before entering the gravity main to the District.

The District Manager stated that if it was built to the District's Specifications in all fairness it should have been deeded over to the District.

Board Member Place asked the District Manager did the Developer pay a lump sum for their development and would the HOA want the District to take ownership of the Lift Station.

The Finance Manager responded to Board Member Place that the District did collect the monies from the developer.

The District Manager responded to Board Member Place that he doesn't see a reason the HOA would not like the District to take ownership of the Lift Station. The recent discussion amongst Staff was because the Finance Manager was contacted by the HOA. The HOA was reviewing their fees that they charge to the homeowners and projecting any increases for next year. The HOA fees include the repair and maintenance costs for the Lift Station.

Board Secretary Whittle stated that the developer could not wait to get the sewer installed.

Board Member Place asked the District Manager you mentioned the location of the Lift Station should there be a concern, is there access and should we research and have an Engineer look at it for a better location and consider three phase electric instead of one phase. The District Manager responded to Board Member Place that the District does have access and recorded easements to get to the Lift Station and that to rebuild to a three phase the location was too far away for connection.

Board Member Place asked the District Manager what are the monthly electrical bill costs for the Lift Station. The District Manager responded to Board Member Place that it was approximately \$40.00. Board Member Place mentioned to the District Manager that three phase may decrease the monthly electrical costs.

Board Vice-Chair Butler stated that it sounds like the District does own it since we are doing all of the repairs and maintenance.

Board Member Place stated that he didn't see a reason not to take ownership; he would like to have the District's Legal Counsel Review the Agreement transferring ownership to the District from the HOA.

The District Manager discussed that the District owns everything around it, easements, access, etc.; Staff would just be putting together a Deed of Sewer to be executed.

Legal Counsel Whittington advised the Board that the Agreement should include, right of ways, assignment of improvements, the legal description, which could be included on the Deed of Sewer.

Board Vice-Chair Butler directed Staff to meet with the HOA and discuss transfer of ownership, have Legal Counsel review any necessary agreements/documents and bring it back to the Board in the future.

Discussion, review, consideration and possible action regarding the District's Operating and Non-Operating Budgets for Fiscal Year End 2018/2019.

The Finance Manager explained that the Preliminary Budget Review has normally been handled at the Regular Board Meeting in April. There are rates that are affected by the Consumer Price Index (CPI), which comes from the Bureau of Labor Statistics and that the CPI was 2.84%. He asked the Board if there was any information that they would like to have detailed on the Budget or discussed.

Board Vice-Chair Butler said that she recalled the Budget discussions where handled in the April Regular Meeting and she didn't see a need at this time to schedule a Special Meeting.

Board Member Place asked the Finance Manager if there could be a two year comparison on the Budget worksheets and is there Public Postings of the budget. The Finance Manager responded to Board Member Place that he does a two year comparison and that the District was required to publish a Public Hearing and Post the Budget for the Public prior to the final approval at the June 13, 2018, Board Meeting. That the Budget being presented is preliminary so that changes could be made and at the May meeting Staff will ask for approval to Publish and Post the Preliminary Budget for Fiscal Year End (FYE) 2018/2019.

Board Member Place asked the Finance Manager if the CPI was also included in the Staff wages. The Finance Manager responded to Board Member Place that the CPI would be included in the Staff's wages and Staff would receive a Cost of Living Adjustment (COLA) based on the CPI, if approved by the Board. The COLA would not be effective until the first paycheck in July 2018.

Board Vice-Chair Butler directed Staff to prepare a Preliminary Budget for Fiscal Year End 2018/2019 and schedule it on the Agenda for the April 11, 2018, Regular Board Meeting.

8. FUTURE AGENDA ITEMS

Board Vice-Chair Butler requested that the following Agenda items were scheduled for the Board Meeting of April 11, 2018:

- (1) Preliminary Budget for FYE 2018/2019, with a review over the past two years.
- (2) Resolution for the Call of Election - two Board Members terms expiring December 31, 2018.

Board Vice-Chair Butler directed the Board Members if they have any items for the Agenda to contact the District Manager.

9. ADJOURNMENT

Board Vice-Chair Butler adjourned the meeting at approximately 6:45 PM.

Adopted and approved this 11th, Day of April, 2018.

/s/ Paul W. Meier

Paul W. Meier, Board Chair