

PINETOP-LAKESIDE SANITARY DISTRICT

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**REGULAR SESSION
MINUTES
August 08, 2018**

1. CALL TO ORDER

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

2. OPENING CEREMONY

Board Chair Butler led the Board, Staff and Public in the Pledge of Allegiance.

3. ROLL CALL OF BOARD MEMBERS

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

4. CONSENT AGENDA

Board Member Meier asked Legal Counsel Whittington why there was a reference on check #14723, regarding water adjudication, which was payable to Boyle, Pecharich, Cline and Whittington. Legal Counsel Whittington responded to Board Member Meier that he did contact the District's water adjudication legal counsel to discuss the status of the water adjudication with the Board Members for the May 9, 2018, Board Meeting Agenda Item.

Board Member Meier stated that the amount of the check increased significantly and that was why he noticed the reference on the check regarding the water adjudication.

The District Manager responded to Board Member Meier that the amount of the check was payment for two months of legal services.

Board Member Kengla asked the District Manager if the uniform allowance paid to the Staff was a monthly amount. The District Manager responded to Board Member Kengla that the amount was paid annually to the employees'; it was broken down as follows; \$105.00 for pants and \$100.00 for steel toed boots.

Board Member Meier made a motion approving the Consent Agenda, which included the Minutes of July 11, 2018, Regular Session, Presentation, Approval and Payment of Bills, Invoices, Warrants and Capital Purchases; as presented by Staff. Board Member Kengla, seconded. Motion passed unanimously.

5. CALL TO THE PUBLIC

Board Chair Butler read the Call to the Public statement and opened the Call to the Public at approximately 6:04 PM. The public members present did not request to address the Board. Therefore, Board Chair Butler closed the Call to the Public at approximately 6:05 PM.

6. REPORTS AND CORRESPONDENCE

Board Chair's Report.

Board Chair Butler did not have a report.

Board Secretary's Report.

Board Secretary Place did not have a report.

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 lines, inspected approximately 15,000 linear feet of sewer lines and 20 manholes. The crew repaired a sewer line in White Mountain Summer Homes of the Country Club area and was cleaning Lift Stations.

Update – Plant Department activities.

The District Manager reported that the average flows for the month of July 2018 averaged less than 1. MGD, Organic removal was at 98%; the nitrogen levels decreased from 2.6 mg/L to 1.5 mg/L.

The District Manager reported that the Composting Facility received 43 tons of paper/cardboard from the Waste Management Route and that the bins in front of the District Office have not been tracked to see how much was received. Compost produced was 88 tons with 78 tons sold.

Update – Power Outage affecting the District's Operations.

The District Manager reported that the District experienced a power outage due to a microburst that hit the area and pushed over 3 to 4 power poles. The District was without

power for 10 hours with the influent and effluent pumps running off of a generator and all other equipment was not running. The transfer pump that pumps to the day tank was not on the generator. The generator only lasted approximately two to three hours and the on-call Staff checking lift stations caught that the WWTP SCADA only lasted two hours and that created several issues. The power outage affected the WWTP SCADA and that normal power outages have only lasted two to three hours. Staff is considering changes in the event this happens again in the future.

Board Member Meier asked the District Manager how difficult it would be to change the generators to natural gas. The District Manager responded to Board Member Meier that the least costly solution was to install a transfer switch to the generator to keep the equipment running. Staff was in the process of receiving bids for the transfer switch installation. A small generator could be purchased to keep the SCADA online; this could be an option.

Board Chair Butler stated that the District should be prepared in case of future power outages that could last several days, this has happened in the past.

Board Secretary Place asked the District Manager what about the backup batteries did they not charge.

Legal Counsel Whittington advised the Board that this was not on the Board Agenda and could be placed on a future Board Agenda for discussion.

The District Manager stated that once he receives the bids and determines what direction Staff looks at moving towards he will place it on a future Board Agenda.

Update – Brown Bear Equipment.

The District Manager reported that the equipment would not work for the District's Composting Facility the equipment was too big for the building and there wasn't enough flat land.

Board Member Kengla asked the District Manager if it was articulating. The District Manager responded to Board Member Kengla that it was a crab steer and all four wheels turn.

Board Member Meier asked the District Manager that in his previous reports regarding the camera how long would it last, was it continually breaking down. The District Manager responded to Board Member Meier that it does go down for repairs from time to time and it was getting older possibly a replacement could be around \$15K. The District Manager explained that the District has 150 miles of sewer lines and Staff schedules to video at least twenty percent per year.

Board Member Meier stated that the reason he asked the question was perhaps there needs to be a discussion of replacing the camera at a future Board Meeting.

Board Secretary Place commended the maintenance Staff for working with the camera.

Board Secretary Place stated that he always sees the Staff out in the field working and cleaning lines. Most cities only use their camera equipment on an emergency basis.

The District Manager explained that the District put in place several years ago to use the camera in conjunction with cleaning and also to check the integrity of the sewer lines.

Board Secretary Place asked the District Manager that when he discussed the 78 tons of compost sold, if it was tons or yards. The District Manager responded to Board Secretary Place that it should have been 78 yards that he was trying to standardize the report.

Board Vice-Chair Whittle asked the District Manager if the new Jetta Truck improved the efficiency of the line cleaning crews. The District Manager responded to Board Vice-Chair Whittle that new equipment always creates new excitement. The older equipment did work fine. Mr. Baker, the Supervisor of the Collections System Crew has expectations of the crew completing the inspections and cleaning of the sewer lines.

The District Manager praised Mr. Baker for his supervisory skills and did give credit to the new equipment that has also helped the crew in the cleaning of the sewer lines.

Board Vice-Chair Whittle stated that he does always see the crew out cleaning the sewer lines and knows that they are working diligently.

Board Member Kengla asked the District Manager what was the turnaround time for the repairs on the camera. The District Manager responded to Board Member Kengla that normally 1 to 1 ½ weeks to receive the camera back.

The Manager's Reports and discussions concluded.

Accounting Report

The Finance Manager reported that the field work for the District's Audit was completed the week of July 23rd. Staff was working on the Financial Statements and notes, the Auditors should have the Financials for their Partner review in October, with final copy by November 2018. Final approval from the Board could be no later than the December 2018, Board Meeting.

The Finance Manager reported that there were three reconnections, one new connection bringing the total sewer connections to 8217. First Quarter FYE 18/19 was on target with the District's Budget.

The Finance Manager reported that he was planning to do an email billing soft opening to approximately 25 to 26 customers in October 2018, so that Staff could work out any issues.

The Finance Manager's Reports concluded.

7. BUSINESS

Discussion, consideration and possible action: a written request from the property owners of the Robertson Sewer Line Extension for reimbursement of the sewer line construction, Assessor's Parcel Numbers 212-07-010A, 212-07-010B and 212-07-010C.

The District Manager opened the discussion giving the Board a background that in the past the District has offered up to \$30.00 a linear foot for the installation of a mainline sewer line extension when the sewer line was extended in an area that the District was planning to install sewer in. This normally was planned in areas with a Phase 1, 2 or 3 and when the offer of reimbursement was made it was in the areas when the property owners did not want to wait on the District and they installed the sewer line extension. Staff would determine how the extension would benefit the District and what properties it would serve in the future. The first request from the property owners was \$30.00 a linear foot and the District Manager rejected the request. When the District Manager discussed it with Staff and was answering what was the benefit to the District, one negative was that the sewer easement was surveyed to be one foot within the property owner's property line; the other negative was the properties that the sewer line was adjacent to were not located within the District's Boundaries. If the properties did have an interest in annexing into the District in the future and connecting to sewer they would have to cross one foot into the property owner's property to connect to sewer. Staff indicated that was so that the property owners could charge the other property owners a fee to cross their property to connect to sewer.

The District Manager stated that was not how the District does business and he rejected the property owners request and also the basis that there was very little benefit to the District.

The District Manager stated that Staff indicated that the property owners were rude to them. The District Manager stated that he was not in attendance at the meeting, but he did not appreciate any rudeness and that was not appropriate towards the Staff.

The District Manager explained that the property owners questioned why the sewer easements had to be so wide. The District Manager explained that our equipment requires a 15 to 20 foot wide easement. Staff has the knowledge and follows the District's Rules and Regulations not how it is done by other entities, this is what was required by the District.

The District Manager stated that he denied the request specifically because the property owners wanted to charge a fee for the property owners to cross their property to connect to sewer. The District Manager then stated that he did hear that the property owners were willing to move their easement to the property line, but that he doesn't have any of the paperwork regarding the movement of the easement to the property line.

The District Manager stated that the property owners were present tonight to discuss their request with the Governing Board.

Board Member Meier asked the District Manager referencing a map of the properties, if the sewer line was installed on the north end of property in question. The District Manager responded to Board Member Meier that it was on the North end of the property approximately going down 700 linear feet. Board Member Meier asked the District Manager if the main sewer line was on Wagon Wheel Lane. The District Manager responded to Board Member Meier that the sewer was connected to the sewer line in Wagon Wheel Lane.

Board Member Meier asked the District Manager would the other properties be able to connect to the sewer line of approximately 700 linear feet that was installed. The District Manager responded to Board Member Meier that at this time “no”. However, that was because they are not in the District’s boundaries and would have to request annexation into the District.

The District Manager explained that the overall plan would be to install a sewer line in the roadway, because of the problems with sewer lines in easements, the property owners place sheds and miscellaneous structures on the easements making it hard for the District to maintain the sewer lines. The installed sewer line could be available to 212-07-009B & 212-07-009C and that 212-07-009E would be served through the sewer line located in Wagon Wheel Lane.

Board Member Kengla asked the District Manager if 212-07-008A is already being served. The District Manager responded to Board Member Kengla that a sewer line is in an easement through the property and he thought it was currently vacant.

Board Member Meier asked the District Manager if it was residential or commercial property. The District Manager responded to Board Member Meier that it was residential.

The Finance Manager stated that 212-07-008A was not in the District and was owned by the Webb’s’. However a sewer easement was given to the District. Navajo County Assessor’s Parcel number 212-07-015 was in the District, so that the District could install sewer for the Crimson Oak Sewer Line Extension Project.

Board Member Meier asked Staff in the past situation what were the discussions with the property owners and should this discussion have happened prior to the installation of the sewer line with the property owners. Staff did not respond, because Mr. Welnick requested to address the Board.

Mr. John Welnick, property owner of 212-07-010B addressed the Board.

Mr. Welnick apologized to the Staff and stated he was not aware of any rudeness in the meeting. However, he was sorry it was construed that way. Ms. Shea accepted Mr. Welnick's apology.

Mr. Welnick then addressed the Governing Board. Mr. Welnick discussed that from the beginning the property owners were told that if the sewer line was installed up the easement and that it wasn't never really discussed that the easement would be brought to the west property line. Because of the cost of the sewer installation, they were trying to recoup some of the costs, nothing was hidden. When Ms. Shea discussed the possibility of a reimbursement of up to \$30.00 a linear foot, the property owners all agreed to move the easement to the west property line. From Jump Street no one did guarantee an amount, however they were told that they would receive some type of rebate.

The District Manager stated that Staff cannot make that decision it has to go through the Governing Board.

Mr. Welnick explained that he understands that Staff cannot make the decision, but that he did have emails that discussed they could receive a reimbursement of up to \$30.00, a linear foot and that the Governing Board has not turned a request down except for one time when the expense of installing the sewer line was less than the rebate.

The Finance Manager addressed Mr. Welnick and discussed that Staff has made a number of requests to the Governing Board with various dollar amounts and costs. The monies are capital funds and the Staff does not have the authorization to approve a reimbursement of a dollar amount for the installation of the sewer line. The amount that has been authorized by the Governing Board has been set by the Board.

Board Chair Butler asked the Finance Manager the sewer line installation reimbursement would be if it benefits a number of property owners. The Finance Manager responded to Board Chair Butler that the benefit must be to other property owners and with the one foot offset that would not be a benefit to the other property owners. The sewer line extension was installed on private property with the one foot overlay and Staff cannot force the property owner to allow the adjacent properties to connect to the sewer line. When sewer lines are installed they are either in a roadway or the easement is recorded to the property line to make the sewer available to the properties adjacent to the sewer easement.

The Finance Manager explained that the current property owners may allow an adjacent property owner to connect with the one foot overlay, but what happens is when properties sell or ownership changes the new property owner may not be willing to give the adjacent properties access to sewer and that was why the District requires that the sewer easement was recorded to the property line making it available to the adjacent property owners.

Board Chair Butler stated that the concern was that the District was not a private entity; the District serves the public that are taxpayers of the District. When the District formed the individuals that were part of the District paid their amounts. Property owners that

have requested to become part of the District are paying their part to join in to the District that was paid by the taxpayers in the late 1970's.

Mr. Welnick responded to Board Chair Butler that the benefit of the sewer line installation would be to 212-07-009B, 212-07-009E and possibly 212-07-009C.

Mr. Welnick clarified from the Governing Board that properties outside the District are required to pay to join the District like they were required to pay. The Governing Board responded "yes".

Ms. Shea from the District's Planning and Design Department addressed the Board.

Ms. Shea explained that she had asked the Finance Manager if she could offer the property owners the up to \$30.00 a linear foot reimbursement for the installation of the sewer line and part of their discussion was that the properties were not within the District's boundaries at the time. Ms. Shea also explained that Mr. Welnick was requesting the \$30.00 linear foot reimbursement, because Staff had indicated that the property owners could request it from the governing Board with the up to \$30.00.

The Finance Manager explained that historically the area has had septic system problems with individual sewer system failures; it is just a bad area for septic systems. There have been other installation of sewer lines in the area that have and have not received the up to \$30.00 a linear foot reimbursement from the District.

Board Chair Butler stated that it was a bad area and there have been neighbors of the other property owners that requested not to join in with the sewer installation.

Board Member Kengla asked the Staff if Mr. Welnick approached Staff prior to the construction/installation of the sewer line. Ms. Shea responded to Board Member Kengla that Mr. Michael Robertson was looking at properties and this was one of the properties that he asked Staff about regarding sewer availability. Ms. Shea said that she and Mr. Robertson discussed the property and that the property owners were considering a three to five way split and that sewer was available. This was in an email and that was when the discussions started. Mr. Robertson had also had a discussion with Donald Perkins at Navajo County regarding sewer or septic. The property owners decided to purchase the property and install sewer, at that time was when Ms. Shea approached the Finance Manager and asked would they be able to receive up to \$30.00 a linear foot reimbursement when they go through the annexation process and after the installation of the sewer lines. Board Member Kengla asked Ms. Shea what was the Finance Manager's response. Ms. Shea and the Finance Manager both responded that the answer was "yes". The benefit would be to the properties to the west.

Board Member Kengla asked if there was some type of easement document that could be signed and recorded with Navajo County that with futurity to that if the property was sold the easement could not be broken.

Mr. Welnick responded to Board Member Kengla that he was not an authority on the easement, but that once it was set you could not undo it.

Board Secretary Place asked Mr. Welnick to clarify it for him that Mr. Welnick had made reference a few times that he was told about the reimbursement if it was Ms. Shea that told you this. Mr. Welnick responded to Board Secretary Place that Ms. Shea was the one that provided them with this information.

Board Member Meier summarized the events of the conversations with the property owners. Ms. Shea had a conversation with the Finance Manager and authorized Ms. Shea to offer up to \$30.00 per linear foot for the construction/installation of the sewer. A statement was also made that prior to this it was not annexed. How does this all fit together, were the property owners looking at the property. Did the Board recently annex the property into the District's boundaries? Ms. Shea responded that the property was annexed last year. So subsequently the conversation of the up to \$30.00 happened with Staff. Ms. Shea responded that around the same time of the annexation the discussion took place with the property owners, she said she didn't have the exact date.

The District Manager discussed that whether the property owners decide to install septic or sewer the cost is expensive. The amount to install the sewer line was approximately \$35,000.00 for what was installed. Mr. Perkins from Navajo County indicated that area may not perk for septic.

Board Member Kengla discussed that Staff kind of alluded to the reimbursement and it set the ball in motion and it was important to back up the District's Staff. In putting myself in the property owners shoes and I asked Staff if there was any reimbursement and they said "yes" up to the \$30.00 a linear foot, he would expect some type of reimbursement.

Ms. Shea stated that it was stated to the property owners that it does go before the Board and that in the past the Board has approved \$30.00 a linear foot and another one that was paid by a dollar amount towards the connection fee costs.

Board Member Meier stated that the Staff whom the Board does back and support did somewhat give an expectation to the three parcel property owners that the District would help them with their construction of the sewer. Everyone seems to be clear that it was up to \$30.00 a linear foot, what the Board needs to consider was what level of assistance the Board gives the property owners.

The District Manager stated that the basis of the approval and reimburse needs to include that the sewer easement does need to be at the property line for the adjacent properties to connect to the sewer.

Mr. Welnick acknowledged that a reimbursement would require the sewer easement to be moved over one foot to the property line.

Board Member Kengla discussed that Legal Counsel to securitize and make sure that the District has a sewer easement for perpetuity and that was the codicil to put in place if any subsidy was granted.

Ms. Shea responded to Board Member Kengla that if they do that than their Engineer would give the District the legal description of the easement and then all of the property owners would be required to sign a Deed of Sewer and Easement and Infrastructure that does get recorded.

Board Member Meier asked Ms. Shea what was the cost of each sewer connection for the parcels. Ms. Shea responded to Board member Meier that each parcel would pay a \$5,785.00 mainline connection fee.

Board Member Meier discussed the connection fee for the property owners of the Crimson Oak Sewer Line Extension Project and he then asked Staff what that cost was. The Finance Manager responded to Board Member Meier that the connection fee for Crimson Oak was \$11,766.95.

The Finance Manager explained that the connection fee cost was a not to exceed and the sewer line construction did require a deeper dig.

Board Member Meier discussed that the Crimson Oak Sewer Line Extension Project included manholes and other District requirements.

The Finance Manager stated that included all costs to each property owners.

Board Member Kengla asked the District Manager, did the sewer construction on this project meet all the requirements and quality that the District expects. The District Manager responded to Board Member Kengla that it did meet all the requirements of the District and was inspected by the District's Project Inspector and signed off.

The Finance Manager explained once the property owners sign off and the Deed was recorded the sewer line becomes the District's and falls into the District's inventory and maintenance program.

Board Chair Butler asked the Board it doesn't appear that the Board is opposed, what was the dollar amount that we as a Board are willing to approve?

Board Member Meier stated that the Board should only consider a dollar amount based on items 1 through 5 on the Invoice dated January 18, 2018 provided by Mountain Underground & Excavating, Inc... The other items on the Invoice pertain to other utilities.

Board Member Kengla asked the Staff if the three - 4" sewer laterals go to the property lines. The Finance Manager responded to Board Member Kengla that the laterals are

installed to the property lines and that was where the property owners connect their private sewer laterals from their home to the sewer main.

Board Member Meier restated that the only items on the invoice the Board should consider would be item numbers 1 through 5. The dollar amount to be considered would be the cost of \$35,030.00, for these items.

Board Member Meier discussed that there was lengthy meetings with the Crimson Oak property owners and that a concession was not made to them after their meetings. We did convey to the property owners present that the Board would give them some type of assistance.

Board Member Kengla discussed that assistance was given to a property who installed a sewer line at \$30.00 a linear foot.

The District Manager stated that project was a rock job and was approximately \$100.00 a linear foot to install the sewer line.

Board Secretary Place asked if the District was setting precedence for the future.

The District Manager responded to Board Secretary Place that these types of requests are handled on a case by case basis.

Board Member Kengla stated that Staff needs to bring this to the Board in the future, prior to any construction of the sewer line.

Board Member Meier stated that this discussion in the future should happen in the beginning prior to any construction of the sewer installation.

The Finance Manager stated that it was conveyed that Staff cannot commit Board monies.

Board Member Meier stated that he would make a motion, because it was conveyed that the District would give the property owners some assistance and with the property owners making the commitment to come into the District it was a positive move forward for them and the community.

Board Member Meier made a motion approving a reimbursement to the three property owners of assessor's parcel numbers 212-07-010A, 212-07-010B and 212-07-010C contingent that the sewer easement was moved to the property line, the Deed of Sewer/Easement has been executed and recorded at a 50% rate of items 1 through 5 on the Invoice dated January 18, 2018, from Mountain Underground and Excavating, Inc., in the amount of \$17,515.00. Board Vice-Chair Whittle seconded.

Board Member Kengla questioned that it was alluded to the property owners that they would receive \$30.00 a linear foot.

Board Member Meier responded to Board Member Kengla that it was always stated to the property owners that the reimbursement could be up to \$30.00 a linear foot.

The District Manager stated that the property owners could always ask for the \$30.00 a linear foot.

Mr. Mike Robertson a property owner of assessor's parcel number 212-07-010C requested to address the Governing Board.

Mr. Robertson discussed with the Board that he was the property owner next to the street and that Ms. Shea has always helped in his quest looking at property. He stated that when he talked to Navajo County and the neighbors they indicated that septic systems were not a good idea. He contacted Ms. Shea and discussed connecting to sewer and she was clear that they only compensate the digging that they don't do the other stuff. We as a family talked amongst ourselves and decided to install sewer and there could be a chance we would receive a reimbursement. We didn't know about the sewer easement being on the property line, our thought was if we pulled the easement off a foot we could possibly receive compensation. We are just property owners we are not developers this was just a family property it was basic and it is a nice area, where we wanted to build our homes. Mr. Webb did tap on the sewer line for his family reunion and was able to use the sewer line. The other properties are set to develop and I don't know when that would happen. It will not be a problem to move the sewer line easement over one foot and all families members are okay with that. Ms. Shea has been a great help to us and helped in giving us direction, we received our approval for the properties from ADEQ. He asked the Governing Board if they had any questions that he would be happy to answer them.

There weren't any questions for Mr. Robertson from the Board.

Legal Counsel Whittington asked Board Chair Butler if she was planning to recuse herself from taking action this Agenda Item.

Board Chair Butler made a statement that because of her other commitment as a member of the Blue Ridge School District Board she recused herself from taking any action on this item. The School District owns assessor's parcel number 212-07-009B.

Board Vice-Chair Whittle stated we have a motion on the table and all those in favor say aye.

The vote was as follows: Board Member Kengla, yes; Board Member Meier, yes; Board Vice-Chair Whittle, yes and Board Secretary Place, yes. Motion carried.

Mr. Mike Robertson had a quick discussion with Board Chair Butler regarding the school property.

Board Member Meier discussed with Board Chair Butler that this should have been brought to the Board prior to this point, perhaps when the annexation was being requested.

Ms. Shea apologized to the Board that she intended to have that done and it was discussed with the property owners and then she focused on Mr. Webb's property and that she dropped the ball.

Board Member Meier stated that we did what we had to do and this was a learning experience and that he had Ms. Shea's back and appreciates the work she does for the District.

Discussion, consideration and possible action: Review of the District's relationship with PACE Engineering regarding the WWTP SCADA.

The District Manager discussed that he didn't want to sever a relationship with a vendor unless the Board was aware of it and that PACE was hired by the Board. PACE indicated that the SCADA issues could be caused from electrical power surges. The District Manager also purchased a communication cable and installed it and that didn't clear the problem. The District Manager contacted Navapache Electric Cooperative (NEC) to have them place a recorder on the meter to see if there were any power surges affecting the SCADA. The recorder logged a 3% power discrepancy, which would have had no affect other than that nothing was recorded. Then PACE indicated that Staff needed to check the motor starter, this was checked the voltage and amperage and a log was made, the blowers are 150 horsepower and they kick on 20 times a day and Staff did that. The District Manager then discussed that Mike Krebs has really gone to bat for the District, but the SCADA was not in his division of the company.

Board Member Meier stated that he recalled the WWTP SCADA was a \$105K upgrade.

The Finance Manager stated that the project was \$136K.

Board Member Meier stated that at the time he recalls there was another vendor in Springerville.

The District Manager responded that there were multiple vendors.

Board Member Meier discussed at the time the Board went with PACE they were here doing the upgrade to the Plant and PACE would be able to respond and also was the low bidder. My question was do we still have the opportunity to re-engage with the vendor on the mountain.

The District Manager responded to Board Member Meier that he has talked to a representative in Mesa and that he was familiar with the Citech Program and he was hesitate to come up here with PACE still in the picture, so that PACE doesn't come in

and blame him for working on the equipment and it is not doing what it should be doing. The vendor wanted to make sure the District severs the ties with PACE.

Board Secretary Place stated PACE just doesn't know what the problem is that's what it sounds like.

Board Chair Butler stated that they are taking the District for granted was what it sounded like.

The District Manager discussed that a comment that was indicated from PACE was regarding the old equipment. Which, they knew the District had owned and that should not be a reason for the issues. The District Manager brought the communication cable, at a cost of approximately \$40.00; NEC didn't cost anything, but this hasn't repaired the issues.

Board Member Meier stated we don't have a system that is totaling functioning.

Board Vice-Chair Whittle stated that it was only functioning 98.8% of the time.

Board Secretary Place stated that he has worked with new and upgrading older Plants and he never experienced these types of problems.

Board Member Meier asked the District Manager what direction you would want to move towards, he had no problem with moving forward. The District Manager responded to Board Member Meier that the vendor from Alpine was very busy and he might be turning the company over to another representative. The vendor in Mesa was Automation Direct and I have had him fix the SCADA through the computer and fix some of the issues, then PACE wanted to blame it on him.

Board Member Kengla stated he has an issue with PACE when they said they have a SCADA division and why haven't they duck tailed us with that he asked the District Manager. The District Manager responded to Board Member Kengla that they have a Vice-President of the Instrumental Division (SCADA) and Mike Krebs was in charge of the Projects as the Project Manager. There was another individual in charge of the Instrumental Division.

Board Secretary Place explained in Engineering there are project managers and they have budgets and when the budgets are exhausted they have billable hours they want to pass on. This could be possibly a reason for the run around the District was receiving from PACE.

Board Member Meier asked the District Manager if he wanted a motion to sever the ties.

Board Chair Butler asked then what do we do. Do we go out to bid? The District Manager responded to Board Chair Butler that these services would fall under professional services and that would not require a bid.

Legal Counsel Whittington recommended to Madam Chair Butler that she entertain a motion to authorize the District Manager to resolve the District's relationship with PACE either by remedying the relationship or seeking alternate services in lieu thereof and bring back to the Board the proposal for a long term relationship with costs. This would give the District Manager the door open to sever the District's ties with PACE and/or identify an alternate.

Board Member Meier made a motion authorizing David Smith, the District Manager to resolve the District's relationship with PACE either by remedying the relationship or seeking alternate services in lieu, thereof and bring back to the Board the proposal for a long term relationship with costs. Board Secretary Place seconded. Motion passed unanimously.

8. FUTURE AGENDA ITEMS

Board Chair Butler requested that the following Agenda item was scheduled for the Board Meeting of September 12, 2018:

- (1) Legal Counsel to do a presentation of an update of changes to the Open Meeting Laws for the Governing Board.

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

9. ADJOURNMENT

Board Chair Butler adjourned the meeting at approximately 7:15 PM.

Adopted and approved this 12th, Day of September, 2018.

/s/ Diana W. Butler

Diana W. Butler, Board Chair