

PINETOP-LAKESIDE SANITARY DISTRICT

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**REGULAR SESSION
MINUTES
December 12, 2018**

1. CALL TO ORDER

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

2. OPENING CEREMONY

Board Vice-Chair Whittle led the Board, Staff and Legal Counsel 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 and Paul W. Meier, Board Member. Staff Members present were: David J. Smith, District Manager, Mark Heberer, Finance Manager, Linda Lionberger, Executive Assistant and Steven Peterson, Collections System Operator. William R. Whittington, Legal Counsel for the Governing Board was also present by telephone.

Excused: Christopher C. Kengla, Board Member.

Board Vice-Chair Whittle conducted the Board meeting.

4. CONSENT AGENDA

Board Member Meier asked the Staff that in his review of the Check Register he noticed several sewer refunds and asked why the District would be refunding the sewer user fees. The Finance Manager responded to Board Member Meier the District collects the sewer user fees in advance and that the properties have sold and changed ownership and the sellers have submitted a written request for a refund.

Board Member Meier made a motion approving the Consent Agenda, which included the Minutes of November 14 2018, Regular Session, Presentation, Approval and Payment of Bills, Invoices, Warrants and Capital Purchases; as presented by Staff. Board Secretary Place, seconded.

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

5. CALL TO THE PUBLIC

Board Vice-Chair Whittle did not read the Call to the Public statement as there wasn't any Public present.

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.

Introduction of New Employee – Steven Peterson

The District Manager introduced the District's new employee Steven Peterson who was hired as of November 26, 2018.

The District Manager stated that Mr. Peterson brings several construction skills and knowledge to the District and that the District was pleased that Mr. Peterson accepted the job.

Board Member Meier asked the District Manager if this was a replacement position or an additional position. The District Manager responded to Board Member Meier that Mr. Peterson was hired as a replacement position in the Collections System Department.

Mr. Peterson addressed the Board and indicated that he was happy to be hired as an employee of the District.

The Board welcomed Mr. Peterson to the District.

Update – Collection System Department activities.

The District Manager reported that the Collection System Staff has been in training over the last couple of days. The Staff were earning professional development hours that are required for the Staff's certifications and that the training was tailored to the Staff's type of work.

Board Member Meier asked the District Manager if there could be any potential issues because a Board Member was conducting the classes. The District Manager responded to Board Member Meier that the classes are provided by Rural Water Association of Arizona (RWAA). The District holds a membership with RWAA and that the training

classes were providing skills and that there weren't any policies or procedures that the Staff was receiving training in.

Board Member Meier stated that as long as there weren't any policies or procedures that the Staff was being trained on it should be okay.

Board Vice-Chair Whittle stated that he was the circuit trainer for RWAA and that the classes held are for training skills only. He has a class scheduled for Thursday to teach math and that was tailored to the Wastewater Treatment Operators, this also helps the Staff test for their ADEQ certifications. Board Vice-Chair Whittle also stated that he was training a new trainer because of the demand around the State.

Board Member Meier stated he just wanted to make sure that as a Board the Board Members were protected.

Board Secretary Place asked Board Vice-Chair Whittle if he could get an outline of the curriculum of the training. Board Vice-Chair Whittle responded to Board Secretary Place that he would get him a curriculum of RWAA training classes.

The District Manager reported that the District does receive a benefit; RWAA provides on-site training, saving the District the costs of sending the Staff out of the area.

Board Chair Butler stated that it sounds convenient for the District, personalized training for the Staff and that was a good benefit for the District.

The District Manager reported that the Collections System crew cleaned approximately 6,000 linear feet of sewer lines, they televised approximately 600 linear feet of sewer lines and inspected 10 manholes. The crew installed a lateral on Alisa Lane and repaired a sewer line by Woodland Road in Lakeside.

The District Manager reported that he and the Staff were viewing videos and demos on CCTV equipment and he was planning to have something for the January 2019 Board Meeting.

Board Member Meier asked the District Manager if he was viewing the different options on the CCTV equipment. The District Manager responded to Board Member Meier that he was and one item he was running into was that the pricing starts here and then you have to add for the software packages, software to generate reports and if you want to include GIS this was all in addition to the base price of the camera packages.

Update – Plant Department activities.

The District Manager reported that the average flows for the month of November 2018 averaged <.7 MGD, Organic removal was at 98%, suspended solids was at 99% and the nitrogen level was 1.1 mg/L, which increased slightly, however it still remains at a good level.

The District Manager reported that the Composting Facility received 26.5 tons of paper/cardboard from Waste Management. Compost produced was 8 yards with 78 yards sold. The compost produced was the final product that came out of the building and was ready for sale.

The Manager's Reports and discussions concluded.

Accounting Report

The Finance Manager reported that there were 16 new connections for the month of November 2018, bringing the total to 8,224. The revenues and expenses were on track for budget year 2019, with 5 months into the Fiscal Year End (FYE). The District was at 50% of the budgeted revenues and that would move the budget above the projected dollars FYE 2019.

Board Chair Butler stated that was quite a few new connections for the month of November 2018.

The Finance Manager responded to Board Chair Butler that the property owners could have obtained their permits several months ago and they are not counted as new connections until the Sewer Connection Permits are completed and received back at the District. The Front Office Staff makes the process easy and smooth.

The Finance Manager's Reports and discussions concluded.

7. BUSINESS

Discussion regarding the possibility of a 10 lot subdivision located adjacent to White Mountain Club Estates in the process of being engineered by the White Mountain Apache Tribe Housing Authority connecting to the District's sewer system.

The District Manager stated that Staff was approached by Mr. Lind an Engineer for the White Mountain Apache Tribe (WMAT) who is in the processing of designing a 10 one acre lot subdivision that would be adjacent to the District's sewer system by the White Mountain Club Estates area. Mr. Lind was considering the options of providing sewer to the 10 lots, because the WMAT sewer system was approximately 1 mile away. Mr. Lind had planned to be here but at the last minute he was unable to attend the meeting tonight. Mr. Lind contacted the Staff that he would be present at the January 2019 Board Meeting to discuss the proposal.

The District Manager stated that the WMAT would be responsible to pay the sewer user fees for the 10 lots; the District would not bill the lots individually.

Board Vice-Chair Whittle asked the District Manager that a concern of his was the Plant capacity of 80%; if the District added the additional lots would that put the Plant capacity

at 82%. The District Manager responded to Board Vice-Chair Whittle that the real number was 1.725 mgd and that the Plant was bumping 1.8 mgd, which does put the Plant at the 80%. That was part of the rub, because when the District reaches the 80%, ADEQ wants to have a future plan for expansion of how the District would handle the additional capacity.

The District Manager stated that Staff could argue with the ADEQ several points or the alternative would be to tell the WMAT that the District could not accept the sewage. The average daily flow in July 2018 was 1.2 mgd and that was when the seasonal population was at the highest. On paper it is indicated that the District was committed to the 1.725 mgd.

The District Manager stated that ADEQ uses a formula of approximately 400 gallons per sewer connection and the rate the District Staff uses was 202, which the State has accepted and that was when the District reaches the 1.725 mgd. However the Engineers use approximately 400 gallons per sewer connection, which would put the District over the capacity, the District Staff could show ADEQ that on the District's commitment list there are 1000 parcels since 2005, there are 406 connected almost half and the District's flows are not affected.

Board Chair Butler asked the District Manager if ADEQ focused on the growth areas. The District Manager responded to Board Chair Butler that ADEQ does review the growth areas and they also review the flows.

Board Secretary Place asked the District Manager does ADEQ review the BOD loading or just the flows. The District Manager responded to Board Secretary Place that ADEQ only checks the BOD loading when the District can't meet the Permit requirements at 400 gallons per sewer connection, which would be so many pounds of loading.

The District Manager stated that the flows have steadily dropped and that could be attributed to the drought, receiving less I/I and low flow plumbing fixtures in the new construction or remodels. The connections have increased from 6,000 to 8,000 since 2006. The flows back in 2006 were 1.1 mgd and today the District has decreased to approximately 1. mgd. The loading has increased and then you don't have enough flow to wash the solids down the pipes. If the District takes the heaviest months the argument would be a recalculation of 10 years of data with the gallons per day.

Board Chair Butler asked the District Manager could the District take in property outside the District Boundaries without annexing them into the District Boundaries. The District Manager responded to Board Chair Butler that the District could take in a property outside the District Boundaries that there would have to be some type of contract between the WMAT and the District.

The Finance Manager also responded to Board Chair Butler that currently the District services Pinetop Country Club through contract services and they pay additional fees

besides their sewer user fees. The additional fees are to cover the Ad Valorem property tax that the other taxpayers pay and administration fees.

Board Vice-Chair Whittle asked the District Manager if there would be an Intergovernmental Agreement that would be required. The District Manager responded to Board Vice-Chair Whittle that there would have to be an Agreement.

Board Secretary Place asked the District Manager what the lots would pay through the time. The District Manager responded to Board Secretary Place that they would pay a higher fee than a resident of the District, because they are not within the District Boundaries, the fees at this point haven't been determined. The fees would have to cover the Ad Valorem, user fees and Administration fees and that would have to be nailed down and what they could be looking at would be 25% over the current resident of the District.

Board Member Meier asked how they would be billed and pay. The Finance Manager responded to Board Member Meier that they pay through the regular sewer user fee billing period; they are just set up with the additional fees to bill at that time.

Board Member Meier asked the Finance Manager if there was a delinquency on their billing how difficult would it be to shut the sewer off. The Finance Manager responded to Board Member Meier that the crew would be sent out to disconnect them from sewer, as we do the past due customers of the District it would be no different. Board Member Meier asked the District Manager does the District want to get into that type of potential situation. The District Manager responded to Board Member Meier that Staff was considering potential situations and would cover the costs in the negotiations.

Board Secretary Place asked the District Manager who would negotiate the contract. The District Manager responded to Board Secretary Place that the Board could assign Staff and legal counsel to work out the details of the contract agreement. This would be a Board decision.

Board Vice-Chair Whittle asked the District Manager could the Board wait until WMAT approaches the Board. The District Manager responded to Board Vice-Chair Whittle, we would wait for the WMAT to discuss this with the Board and make a formal request for the Board to consider. The Agenda Item tonight was only for discussion and to make the Board aware of what could be coming up in the future.

The District Manager stated that Mr. Lind plans to be here at the January 09, 2019, Board Meeting and do his presentation and at that time the Board could determine, what direction the District would want to proceed.

Board Secretary Place asked if he could receive some background information on Mr. Lind the Engineer. The District Manager responded to Board Secretary Place that Staff could ask Mr. Lind for additional information regarding his background.

There was no action this was for discussion only and will be scheduled on the January 09, 2019, Board Meeting Agenda.

Discussion and update of the proposed Treatment Plant Clarifiers project.

The District Manager stated that on November 15, 2018 the vendor came to the District and conducted a physical inspection of the District's Clarifiers. The District Manager then stated that today he received the written inspection, summary and proposal report of the proposed project. The report was thirteen pages and had several pictures of the equipment. The conclusion was regarding the submerged and non submerged equipment, was in fair condition for being 35 years old this was because of the painting that was done approximately 4 years ago. The main concern was the corrosion that was indicated around the submerged weld joints and the sludge removal components could need replacement within in 5 years. There was rust on the weld joints; there was sludge in the collector tube holes in the tube that sucks the sludge that was a concern because you don't know how the inside looks. Is it critical over the next 5 or 10 years it could be that was the unknown? There was surface rust you could see the corrosion, their concern was the rust spots.

The District Manager explained that the rust spots he thought could be sandblasted and repainted, but it was a concern to the representative because of the welding spots.

Board Member Meier asked the District Manager were they the potential contractor for the Clarifiers. The District Manager responded to Board Member Meier that he did choose them because they are the manufacturers' of the Clarifiers. The proposals did not include the installation of the equipment, \$359K to replace both Clarifiers just for the replacement parts not the installation they would replace with the fiberglass; \$147K was the parts and not the labor. To upgrade everything under water with stainless steel for both with labor \$497,200.00, the stainless steel was approximately \$56K to be added. When we had one Clarifier painted in 2014 it was approximately \$50K. To do one Clarifier with the stainless steel you would pay \$310,500.00; so to do both you are saving approximately \$70K.

Board Member Meier asked the District Manager if there had been any replacement of major parts over the years. The District Manager responded to Board Member Meier that just the routine maintenance has been done over the past 32 years.

Board Member Meier asked the District Manager then in their opinion the District could face some major issues with the functioning of the Clarifiers over the next 5 years. The District Manager responded to Board Member Meier that was their opinion that in 5 years they would be done.

The District Manager asked the Board if they would like the report emailed to them or a hard copy. The Board responded that they would like an email, Board Secretary Place asked for a hard copy.

The District Manager stated that the price to install the launders (weirs) was \$224K with fiberglass reinforced plastic.

Board Member Meier stated that if you look at the total proposal and if you do get 30 years out of the rehabilitation of the Clarifiers it would only cost the District approximately \$6,000 to \$6,500 per year and that would be monies well spent.

Board Secretary Place stated that he worked for an engineering firm and they prioritized the projects and looking at doing the best job in the least expensive way and added capacity to the Plant. We continued to rehab the facilities equipment and set a different set of diffusers to add capacity.

The District Manager stated that he does agree with some of the points in the summary, such as the rubber seals that were painted over in the bottom of the Clarifiers and the paint does dry out the seals, new seals could be installed. The District Manager also stated he does like the stainless steel and that the Clarifiers are still in service and it has been 30 years in service and was designed 32 years ago, in the year of 1988. The Clarifiers were painted in 2002, 2003, 2013 & 2014 and the District spent approximately \$145K in painting. New launders are approximately \$224K with the fiberglass reinforcement plastic.

Board Secretary Place stated that they are easier to clean if they are fiberglass and no rusting.

There was no action this was for discussion only and will be placed on the January 09, 2019, Board Meeting Agenda.

8. PERSONNEL MATTERS

Possible vote to go into Executive Session for discussion or consideration pursuant to A.R.S. §38-431.03 (A) (1) re: personnel matters relating to the annual performance review of the District Manager, David J. Smith: job performance and compensation.

Board Chair Butler made a motion to go into Executive Session at approximately 6:47 PM for discussion or consideration pursuant to A.R.S. §38-431.03 (A) (1) re: personnel matters relating to the annual performance review of the District Manager, David J. Smith: job performance and compensation. Board Secretary Place seconded.

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

Board Vice-Chair Whittle reconvened in public session at approximately 7:26 PM.

Discussion, consideration and possible action re: personnel matters relating to the annual performance review of the District Manager, David J. Smith; job performance and compensation.

Board Member Meier made a motion that the Board was very pleased with the Operations under the leadership of David J. Smith, the District Manager and the direction that the District is heading was positive and that the Board was moving forward with the standard cost of living adjustment for compensation that is received annually in July and the Board thanks Mr. Smith for his service over the past year. Board Chair Butler seconded.

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

9. FUTURE AGENDA ITEMS

Board Vice-Chair Whittle requested that the following Agenda item was scheduled for the Board Meeting of January 09, 2019:

- (1) Painting of the Pump Rooms.
- (2) WMAT connecting to the District's sewer system.
- (3) The Treatment Plant Clarifier Project.
- (4) CCTV Equipment.

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

10. ADJOURNMENT

Board Chair Butler adjourned the meeting at approximately 7:30 PM.

Adopted and approved this 9th, Day of January, 2019.

/s/ Diana W. Butler

Diana W. Butler, Board Chair