

PINETOP-LAKESIDE SANITARY DISTRICT

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**SPECIAL SESSION
MINUTES
March 19, 2019**

This was a Joint Meeting with the Town of Pinetop-Lakeside, Navopache Electric Cooperative, Inc. (NEC) and the Blue Ridge Unified School District #32 Superintendent; the meeting was located at the Town of Pinetop-Lakeside, 325 W. White Mountain Blvd., Lakeside, AZ 85929.

The Town of Pinetop-Lakeside hosted the Joint Meeting.

1. WELCOME

Mayor Stephanie Irwin called the meeting to order at approximately 6:30 PM and welcomed everyone.

2. INTRODUCTIONS

Everyone introduced themselves.

Board Members present for the District were: Neal Whittle, Board Chairman; Patrick B. Place, Board Vice-Chairman; Christopher C. Kengla, Board Secretary; Paul W. Meier, Board Member and Diana W. Butler, Board Member. Staff Members present were; David J. Smith, District Manager and Linda Lionberger, Executive Assistant.

Excused: William Whittington, Legal Counsel for the Governing Board

3. UPDATE: Town of Pinetop-Lakeside – Ms. Stephanie Irwin, Mayor

Mayor Irwin stated that she appreciated all of the entities working together and how important it was to work together for the betterment of the Town.

Mayor Irwin highlighted the following with a power point presentation:

- The Council and Staff received several compliments on the purchase of the Town Hall Facility.
- The Christmas Lighting ceremony was a success and the Mayor gave a special Thank you to NEC for providing the electrical switch for the lighting ceremony.
- The Town was currently in process of developing an Economic Development Committee and the importance of this committee working with the local utility entities.
- The Town was currently in process of developing a solid waste recycling area to be located at the Public Works Building on Woodland Road.

Mayor Irwin indicated that Staff was hoping to have this up and running by June 1, 2019. At the solid waste recycling center they were including the collection of paper/cardboard for the Pinetop-Lakeside Sanitary District's Composting Facility.

- The Woodland Park appraisal was completed and was valid until February 15, 2020. The Save the Park non-profit organization is accepting tax deductible donations.
- USDA Forestry was working on the sale of Camp Tatiyee to the Lions Club and with a private party for the sale of property off of Highway 260.
- The Safeway Shopping Center was sold and the new property owner was in the process of renovating the Shopping Center with the possible expansion of the Safeway Food Market. .
- The Jack Barker Memorial Park was in the process of being developed with a stage to handle small events. The Park is located on the corner of Highway 260 and Johnson Lane. There are brick cobble stones being sold to help fund the project. Mayor Irwin thanked Board Member Kengla for donating a tree planted at the Park. Mr. Barker was the attorney for the Town and Pinetop-Lakeside Sanitary District and was a member of the BRUSD School Board for these entities for several years.
- The Town received a grant for the development of Johnson Lane by the Library that will include sidewalks.
- The Town hosted an annual event last year at the Mountain Meadow Park for the community with a dunk tank, food trucks and activities for the community and was looking forward to this year's event.
- The BRUSD and the Town Police Department are working on a grant for a School Resource Officer. The Police Department and BRUSD were working on a Radar program app, this app would report good behavior and compliment the students work.

Mayor Irwin thanked Dr. Wright of the BRUSD for the donation of the carpet for the Library and appreciated the Town's partnership with the School District.

The Town of Pinetop-Lakeside updates concluded.

4. UPDATE: NEC – Mr. Brad Baker, President of the Board of Directors and Mr. Chuck Moore, General Manager.

Mr. Brad Baker, President of NEC discussed Economic Development for the Snowflake-Taylor/Pinetop Lakeside and Show Low areas. He discussed when the timber production starting leaving the area the areas had to reinvent to attract new types of business to the area. (1) The Towns/Cities starting working together. (2) The Airport Infrastructure was developed opening up a whole new market. (3) It took five years developing the four season's transit service providing bus services for the local community. (5) Phoenix to Tucson from the Towns/Cities was difficult and the committee contacted ADOT for approximately five years for the improvement of the highway travel from the Mountain community to Phoenix and Tucson. (6) The backbone for Broadband has been

an area for improvement to help those that work from home to improve their computer internet access. However, twenty-five years later we are going backward with the infrastructure. Broadband is very competitive and regulated, NEC was not able to do much for the Broadband improvement it would need to be appealed and reinvented to bring back interest.

Mr. Baker then discussed the local area Power Plants that could be closing down; they were the Navajo Generating Station, which would result in 750/800 jobs lost; Cholla Power Plant located in Joseph City with Unit 2 out of service. With these power plants cutting production or possibly closing that has created a shortfall for the Navajo County Government Budget, this was why they have been trying to sell the Jail Tax to the community, without it what will happen in providing the residents of Navajo County with a safe environment.

Board Member Meier asked Mr. Baker if the Cholla Power Plant considered natural gas. Mr. Baker responded to Board Member Meier that unfortunately natural gas does not work in the high altitude as efficiently.

Mr. Baker concluded that he has lived in the area for 45 years and there is a need to look at alternatives and that was why an economic development committee was so important. He stated that Town Council Member Snitzer has been proactive working on bringing Broadband to the Mountain.

Mr. Baker introduced Mr. Chuck Moore, General Manager of NEC.

Mr. Moore did a slide show presentation, and highlighted the following:

- The AMI Meter Project was completed in 2017 for the Arizona and part of New Mexico consumers. The contractor that worked for NEC installed approximately 40k meters. The meters provide outage information in an area or a home/business.
- NEC has installed the Smart Hub App and the consumer can download the app and get up to date information regarding their electric account. They can automatically reconnect and disconnect their property. They also are able to make payments to their account. The contractor still needs to complete approximately 2000 consumers in New Mexico.
- NEC has 29 tower sites that are now more reliable. When NEC experienced the Wallow Fire one of the tower sites was wiped out and that resulted in losing a communication network. NEC rebuilt and added new towers. NEC plans to add three new towers in 2019 to increase their communication area. Some entities have an interest in placing their microwave system on the towers to improve their communication systems. Some of the terrain in New Mexico makes it difficult to add towers they are still looking at alternatives to installing the towers.
- The Wagon Wheel Substation was rebuilt and completed; the Alchessay substation was rebuilt and in 2019 the Show Low Switchyard will undergo

construction. The Penrod and Hwy 60 substation by the Health Department will be constructed and the Pinetop Lakeside Sanitary District Power Pole switch lines will be updated within the next month, weather permitting.

- The purchase cost from the wholesale supplier of the electricity and the savings back to the consumer.
- The recent approval of an increase to the consumer's monthly service charge; for the residential consumer it is from \$24.84 to \$31.00; the small commercial consumer from \$30.18 to \$37.50, which the consumers will see on their April Electric Bill. The increase to the monthly service charge was determined on the current operating costs of NEC and to be equal to the permanent and seasonal consumers.
- There is a new pre-pay option for their consumers in the future where they could go into their account and pay a certain dollar amount. This possibly will be up and running later this summer.

Mr. Moore stated that he enjoyed NEC's partnership with the Town of Pinetop Lakeside and appreciated their support.

NEC's updates concluded.

5. UPDATE: Blue Ridge Unified School District #32 - Dr. Michael L. Wright, Superintendent.

Dr. Wright thanked the Mayor and Town Council for hosting the meeting this evening.

Dr. Wright presented a Slide Show of events and upgrades at the School District.

- Dr. Wright presented the improvements to the Schools with the bonds that the voters approved and thanked everyone for their support.
- The upgrades included the remodeling of the Porter Mountain Campus for the K-6 grades with the reconstruction of the building and grounds. The Main Campus included the Middle School Building housing the Jr. High 7th and 8th grades, relocating the District Office and Board Room, the auditorium, the track, purchase of new buses, athletic fields, security and technology.
- Dr. Wright thanked the late Senator John McCain for his support in helping the School District obtain monies from the State to paint the school buildings.
- The savings of consolidating Staff decreasing salaries expense. The importance of the enrollment numbers of students, which provides funding for the school and how the demographics of the School District have changed.
- The savings to the school by changing to a different health insurance company for the employees, resulting in approximately \$300k in savings to the District.

- The number of Students that are attending or will be Ivy League schools, such as Norte Dame and Yale.
- The BRUSD was named in US News along with the Snowflake School District as one of the top School District's to attend.
- The School is in partnership with University of Arizona (UA) and that the UA rents out space in the previous Elementary Building for the Fab Lab, 4H, and Nutritional Programs. The Church also rents space and has remodeled the building at their expense. White Mountain Physical Therapy also rents space on the High School Main campus.
- There was an override committee to work on the possibility of a 2019 Bond Override request.
- The District has reduced Staff to the bare minimum for separation of duties and maintaining the School Campuses.

The BRUSD updates concluded.

6. UPDATE: Pinetop-Lakeside Sanitary District – Mr. Neal Whittle, Board Chairman: Treatment Plant Upgrades; Collection System and Administration.

Board Chairman Whittle thanked the Town for hosting the meeting and stated he was delighted to be present.

Board Chairman Whittle discussed the District's upgrades, which included:

- The maintenance program of the 150k linear feet of sewer pipes and 20 lift stations located in the District. The sewer pipe line is 150 miles in length.
- The District replaced and rebuilt three lift stations, the District Plant is rated to handle 2.2 mgd and has been averaging 1.8 mgd and the Composting Facility has been producing approximately 20 tons of compost per month.
- A future project planned is the Clarifier rebuilt project.
- District growth has been approximately 1.6 or four tenths of a percent per year, with an increase of 33 new sewer user fee customers per year.
- Revenues are steady at 2.0% and cost did decrease with Staffing changes.
- The District was not projecting a rate increase for the sewer user fees for the 4th straight year.
- Plant upgrades have saved the District 45% in electrical costs decreasing from \$80k to \$100k.

The Pinetop Lakeside Sanitary District's updates concluded.

7. DISCUSSION OF ITEMS OF MUTUAL INTEREST

Dr. Wright complimented the Town on the Christmas lighting competition for the local business and how nice the Town looked.

Mr. Moore was asked the status of NEC Office building proposed relocation to their property on Porter Mountain Rd. Mr. Moore responded that there has been discussion of the relocation and at this time the NEC Board has not approved the building and relocation of NEC Office's to the Porter Mountain location.

Town Council Member Snitzer stated that the economic development committee would be discussing attracting new businesses to the Town.

Board Member Meier asked Town Council Member Snitzer what type of businesses the Town was considering attracting.

Mayor Irwin responded to Board Member Meier that was something that the economic development committee would be discussing and putting together.

Town Council Member Snitzer stated that the committee would look to receive input from the community members and that sometimes it was hard to change the fundamentally of changing the area to attract businesses. The area as it is was why we all moved here to Pinetop Lakeside or stayed here.

There was a discussion on Data Centers, the need for Broadband and that there was a company moving into one of the buildings on Woodland Road in Lakeside.

Mr. Baker asked Mayor Irwin how many building would be vacant once the Hospital opens up their new facility in Show Low.

Town Council Member Bowen responded that there was not much of an impact to the Pinetop Lakeside area that a bigger impact could be to the City of Show Low.

Items of Mutual Interest Concluded.

8. CONFIRM HOST/DATE/TIME FOR NEXT MEETING

Dr. Wright of the BRUSD stated that BRUSD would host the next meeting. The tentative date and time for the meeting is March 10, 2020, 6:30 PM.

9. AGENDA ITEMS FOR NEXT MEETING

Mayor Irwin suggested that if anyone has any future Agenda Items to contact Dr. Wright's Assistant Ms. Ford prior to the next meeting.

10. ADJOURNMENT

The meeting adjourned at approximately 8:20 PM.

