**BOARD MEETING MINUTES, PINEWOOD SANITARY DISTRICT**

**January 12, 2023**

Clerk of the Board, Gail Van Deurzen, (sitting in for this meeting as a temporary Chair), called the meeting to order at 3:00 pm

**A. Administration: (Board members only)**

**1.  Open** 3pm

**2.  Pledge of allegiance**

**3. Administrative information**

**4. Roll Call**

Len Friedlund, remote on zoom, Gail Van Deurzen, Bob Timberman, Dick Drinen, Tom Eade, Kass Kral

**5.  Approval of the Board Minutes for December 8; December 29, 2022**

Motion: Dick Drinen

Second: Kass Krall

Ayes: Len Friedlund, Bob Timberman, Dick Drinen, Tom Eade, Kass Kral

**6.  Correspondence**

Lee Krosnicki to report later on item 14.

**7. Expenses Review**

Per Dick Drinen, this is the last check going out to Stanley.

Tom Eade has questions on financials but will discuss at later time with Tim Hansen.

**8.  Operations Report:  Plant – Lee Krosnicki / Collections – Mike Pepe**

Per Lee Krosnicki, we had a bypass at the plant, and we have a notice of violation. We exceeded plant capacity due to rain and snow, and this was reported to ADEQ. The Plant is ready with pumps for this weekend also.

**B. Unfinished Business:**

**9. Audit report from Tim Hansen, CPA.**

Tim Hansen addressed the Board on the results of his office’s audit. Page 8, Statement of Net Position (balance sheet), cash position for the year is down a bit but is strong and solid. Cash is split out into two portions, (general operating cash and cash for restricted purposes). Primary reason for restricted purposes is to pay down debt. This cash for restricted purposes went down from a little over $500,000.00 to just under $300,000.00. The primary reason for this going down is the payoff of a WIFA loan. Also, employees of the district participate in ASRS, we have to include disclosures of ASRS and the Net Pension Liability. This actually went down by $175,000.00, the District has no control over whether this goes up or down because we are just participants in ASRS. This goes up or down based on investment earnings, contributions into the system and payments out of the system. WIFA loan did go down by $300,000.00. The Net position of the District or the equity of the District, went down by about $300,000.00. Unrestricted equity decreased by about $40,000.00.

Page 9, Statement of Revenue and Expenses. Operating revenue was down by nearly $500,000.00 this last year. A large amount of this was the operating revenue related to WIFA loan being paid off. Other income also decreased was soil sales, and construction projects by staff around the Park. This decreased due to liability and permit issues. Expenses are very comparable to the prior year. Overall, operating expenses went up $60,000.00 from last year to this year.

Statement of Cash Flow, net went down but was still strong, overall cash was down $283,000.00

Tom Eade asked if Tim had looked at the budget and P&L for July through December. Tim had not looked at the current numbers and was focused on the past year.

Toms concern was that just based on budget, we are running $164,000 in the negative and wanted to compare it to the past. Per Tim’s best guess, the negative probably has to do with income not coming in from the Westside yet. Tom Eade and Tim Hanson to discuss at a later time.

Audit of Internal Controls Deficiencies, several Executive Session minutes are missing, this needs improvement.

Every single item is not looked at, possibility of small discrepancies. Audit adjustments, no discrepancies with management. No significant difficulties with the audit. Some things had to be reclassified properly.

No additional questions were asked.

**10. Discussion and possible action regarding appointment to fill open Board seat.**

Gail Van Deurzen received an email at 1:24pm today in regards to the open position from former Board member, Bill Spain. Gail asked various Board members if they had anyone express interest to them in joining the Board, and no one had any additional names of interested candidates. Gail invited the Board to read the email from Bill Spain. Gail stated that we have 60 days to fill the seat or the County will fill the seat. Bill Spain is present and can answer questions.

Motion to put Bill Spain back on the Board – Tom Eade

2nd – Bob Timberman – Discussion requested

Various current Board members interviewed Bill Spain and asked him questions about his prior service and his interest in rejoining the Board, including questions on any conflicts he had/has with current Board members. A discussion resulted of the difference between 100% positive votes on motions versus whether full discussions occurred. Examples were discussed of whether an early payment discount was ever authorized in a vote versus being assumed to have been approved without explicit action by the Board. Another discussion was the level of involvement of Board members in directing staff of the District that report to the District Manager versus directing the District Manager to handle matters himself. Counterpoints were made on setting goals and action items and getting reports on those items so that they did not languish in inactivity. Questions were raised about the responsibilities of Board members to know the details of what they are voting on when they vote for or against a motion and that if 100% of votes are in favor of something that such action will go forward. Discussions were also had on efforts to set the goals and objectives for the District Manager. Bill Spain reconfirmed his interest in being on the Board and interacting with all Board members in a professional manner, whether or not they all agree on items brought before the Board for consideration. He also stood by his prior efforts to help make the District more accountable and organized in its direction and management.

Tom Eade noted his support for Bill Spain being back on the Board based in part on the progress of the Stanley Contract, with Bill’s leadership and working with our District Manager, we started to get some action. He also noted Bill’s leadership in ADEQ discussions regarding compliance issues.

Len Friedlund asked for reiteration if anybody on the Board had any other candidates. The Board stated that all that were spoken to were not interested, Gail asked Dick and he did not speak to anyone interested. Kass Kral asked when the 60 days are up because he has not had a chance to speak to an additional potential candidate yet, and it was explained that February 1, 2023 is the deadline. Gail called the question for a vote.

Motion to appoint Bill Spain to the open seat on the Board to fill the remainder of the seats term: Tom Eade

2nd: Bob Timberman

Ayes: Len Friedlund, Bob Timberman, Tom Eade, Kass Kral, Dick Drinen

Nayes: None

Bill Spain suggested that in the future on votes that the clerk calls out the name of each member for their vote and that all are as transparent as possible.

Bill Spain was welcomed back and he read aloud the Oath of Office and signed the Oath of Office. After swearing in, Bill joined the Board on the dais for the remainder of the meeting.

**11. Discussion regarding status of payments by owners for Westside construction costs.**

Letter was received forwarded by Brandon Kavanagh, regarding a response from one of the owners, no discussion at this time.

**12. Update from Lee Krosnicki on the breakdown received from Stanley Engineering.**

Lee Krosnicki has been in correspondence with Stanley, Stanley claims that he has sent us everything. Lee shared with him that he did not give us what we requested. He mentioned that he is battling colon cancer, but this could have been given to other people to carry the ball. The ball was dropped and Lee feels that we should change Engineers. Lee has been in contact with a couple of Engineers, Woodson Engineering is one of them, Lee will interview them and show them the plant. Lee has been able to give ADEQ all that they have requested.

**13. WIFA loan update.**

Per Lee Krosnicki, we are getting pretty close. There are two more items to complete and they are being worked on now. Kass asked if Lee has been able to get those documents or does he need help. Lee is working on the financials for the last 5 years.

**14. Update from Lee Krosnicki on visit from Johnny Patton, electrician who brought an engineer with him to view the plant.**

Discussed in item 12. This engineer will be at the next Board meeting.

**15. Update from Lisa Frazier on visit with Kachina on viewing their billing and collection program.**

Michelle and Lisa went to Kachina yesterday and met with Moya. They have ½ the customers that we have in Munds Park. Their plant is like a mini of ours. Their system might be something we can use, it is pretty affordable. They also charge $15 to hang a shut off notice. We may want to add that on. Lisa still needs to talk to Sara at the Treasurer’s Office, she is hard to track down. Moya shared with them that their attorney is strictly a utilities attorney. He is very affordable and covers everyone in the state of AZ. Moya still has a handful of people who only want a paper bill. The customers have the option of e-billing or paper billing. Lisa believes that 2/3 of our customers will opt for email billing. Lisa is still researching other options before jumping in with their billing system.

Bill Spain requested that we ask the Treasurer’s Office why we need to bill at all since the price is the same every month. Bill also wants Lisa to look at a late fee, similar to the water company. Please ask if they are aware of anybody else that does this. Kass Kral mentioned that he knows several people that would prefer to receive a bill as a reminder.

**C. New Business**

**Call to the public for non-agenda items – no action will be taken on any subject not on the agenda.  (Limits to 5 minutes will be enforced)**

**Adjourn:** 4:00pm.

**Respectfully submitted,**

**Lee Krosnicki**

**District Manager**

**Posted: January 11, 2023**