**BOARD MEETING MINUTES, PINEWOOD SANITARY DISTRICT**

**April 13, 2023**

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

**1.  Open**2:58pm

**2.  Pledge of allegiance**

**3. Roll Call**

Present: Bill Spain, Len Friedlund, Gail Van Deurzen, Bob Timberman, Dick Drinen, Tom Eade

Absent: Kass Kral

**4. Administrative information**

Per Bill Spain, we have completed the 3rd revision of the 5-year budget, and we will be discussing later in the meeting.

**5.  Approval of the Board Minutes for March 9, 2023**

Motion to approve minutes: Bob Timberman

Second: Tom Eade

Ayes: Len Friedlund, Gail Van Deurzen, Dick Drinen, Bob Timberman, Tom Eade

**6.  Correspondence**

Lee Krosnicki shared that per ADEQ we cannot discharge to the golf course for the next 2 weeks. The greens are flooded, and the ponds are full.

Per Lee Krosnicki there is an issue with a customer and the easement up on Stallion and it will probably involve legal counsel. We need to replace 200 feet of pipe.

**7. Expenses Review. Review of Quick Book accounts and Balance Sheet.**

Bill Spain made copies of the P&L and Balance Sheet for the Board through March. He spoke about the large amount of chemicals that we had to purchase, the staff working overtime to handle the amount of water that was coming through, and the leasing of several large pumps. Due to expenses being so extraordinary, the current year’s budget had to be redone to show what this has done to our bottom line.

Bill Spain shared that he and Lisa Frazier are looking into working with the county to change the Quick Books to look like our new budget. The CPA is aware, and she will assist once tax season is over.

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

Per Lee Krosnicki, during the storm we received 928,000 gallons daily and the plant is only 600,000 gallons. We will most definitely get a ding from ADEQ for this. All water was highly treated, and it was mostly clear water from the flooding. Tests came out decent, all things considered.

**9. Review and possible action regarding 2023-2024 typed and finalized fiscal budget and Expense reduction direction and implementation**

Will move this to later in the agenda for a potential executive session per Bill Spain.

**10. Review and possible action regarding “Will Serve” letter for Shuster Phase 5 parcel**

Per Bill Spain, we have prepared a draft “will serve” for Phase 5 for Shuster request based on information known, which is limited.

Lee Krosnicki noted he is not comfortable in signing the “will serve” at this time.

Motion to consider approval of the potential “will serve” letter: Gail Van Deurzen

Second: Tom Eade

Per Bill Spain, a lot of the hesitancy on the Boards behalf and District Manager’s behalf is because of the lack of information as to what Shuster will do in develpment, when it will be done, how it will be done, how many units, what is the timing, is it going to be a separate entity from the existing RV Park that is separately owned, is there going to be additional pools, additional anything. The Board would be more comfortable if it had more information.

Per Bob Timberman, PSD just needs more answers before considering approval of a “will serve” letter.

Per Bill Moore, they need something in writing to share what PSD is looking for. The reason they want a “will serve” letter is because they are being billed $650,000 and want to know about capacity. The property could be sold in the future, or Shuster may develop it. They want the “will serve” letter to confirm there will be service for the property.

Per Bill Spain, PSD has a duty to provide service, but the sewer ordinance stated 10 years ago that once PSD improved the property by allowing it to be annexed into the district and then moving forward with the construction cost that PSD paid up front to bring the infrastructure to that side of the highway, repayment is due. This does not mean that PSD should be stuck with the construction costs while Shuster makes a decision of what to do with the land.

Shuster asked to be annexed in. The ordinance calls for PSD to be paid now with the work done and all the way to Phase V and is ready for hook up. PSD has fulfilled its side of the obligation. It is time for Shuster to fulfill its obligation at this time, which is why multiple billings have been sent. PSD would prefer not to have to get into litigation because it is not helpful to PSD’s rate payers and not helpful to Shuster, so if Shuster can give PSD a lot more definition of what Shuster is asking for and timelines, it will be helpful.

Per Bill Moore, about 14 years ago when the process was started with Jim Wilson, Shuster just wanted sewer on the Westside. 32,000 gallons per day was a “pie in the sky” number put in place by Jim Wilson and Mr. Shuster.

There are no set plans right now. Bill Moore will take all of this information back and do what he can to get PSD more information.

No action taken.

**11. Discussion regarding reapportionment of Pinewood Country Club monthly**

**“O & M” fees that would be effective 7/1/2023 relative to the Fair Share Inflation Increase.**

Per Bill Spain, when budgets were done, it was noticed that the Country Club was being billed significantly lower than they should be. With the remodel and the addition of toilets and bars, we need to increase their monthly bill to $1,000 a month, effective on July 1st. Letters have been sent about the increase and should have been received. This will be voted on, on 4/21/23.

**12. Discussion regarding reapportionment of Motel in the Pines monthly “O & M” fees that would be effective 7/1/2023 relative to the Fair Share Inflation Increase.**

Per Bill Spain, when budgets were done, it was noticed that the Motel in the Pines was being billed significantly lower than they should be. They have about 22 rooms with toilets, and they have only been paying a base rate of $50.57 along with their water usage. A new rate of $274.50 should go into effect on July 1st. Letters have been sent about the increase and should have been received. This will be voted on, on 4/21/23.

**13. Discussion regarding approval of formal notification of Rate Increase, communication and implementation planning, letter to all business owners with plan for public hearing in a special meeting.**

This has all been done, postings were done, and guidelines were followed to let the public know. Public hearing is planned for 4/21/23.

**14. Discussion and possible action regarding the adoption of a new Employee Handbook and Updated Job Descriptions for sanitary district personnel**

Per Tom Eade, they have several handbooks from other Sanitary Districts that they are using for the updating of our PSD Employee Handbook. Per Bill Spain all Job Descriptions have been updated with the exception of the District Manager. There are changes that he would like the Board to familiarize themselves with. One example is that all Manager positions will be corrected/updated to exempt salaried positions. Bill Spain will make sure that each Board member receives a copy of the new job descriptions.

No action today, possible vote next Friday 4/21/23. Dick Drinen suggested that this is not an item for a vote during a public hearing. Bill Spain shared that it will be on the agenda but will not be part of the public hearing.

No action taken.

**15. Discussion and possible action regarding the ADEQ “Emergency Response Plan” for ADEQ requested notification of Bypass and treatment**

Bill Spain received a 14-page document of what steps/processes they are suggesting that we put in place.

Per Lee Krosnicki, we have an Emergency Response Plan for the Plant and Lab. Lee will follow up with ADEQ with our updated ERP.

Bill Spain suggested that Lee Krosnick take the revised 5-page document to ADEQ for comment.

No action taken.

**16. Discussion and possible action regarding Royce lawsuit. The Board may vote to enter into executive session under ARS §38-431.03(A)(3) for legal advice and/or (A) (4) for negotiations.**

This item was moved to the end of the meeting for a potential executive session.

**17. Discussion and possible action to correct annexation of 17610 Munds Ranch Rd, Animas Properties, LLC into Pinewood Sanitary District through adoption of a Resolution.**

Bill Spain explained that we have had a clarification on annexing property into the District. This ultimately affects the Sewer Ordinance and needs to be done as a resolution, so it is traceable and recordable. We have a new one-page document to use moving forward.

Lisa Frazier read the Resolution. Bill Spain explained that when we annex more than one property into the District, we will use the same formatted title (backwards date) but adding a,b,c, etc., to the title.

Motion for the adoption of this resolution: Dick Drinen

Second: Bob Timberman

Ayes: Len Friedlund, Gail Van Deurzen, Tom Eade, Bob Timberman, Dick Drinen

Nayes: none

**18. Discuss and clarify the difference between use of a “Resolution” versus “Motion” being change or update of policy versus board direction given via motion. The Board may vote to enter into executive session under ARS §38-431.03(A)(3) for legal advice.**

This item was moved to the end of the agenda for a potential executive session.

**B. Unfinished Business:**

**19. Update about the status of hiring Ardurra Engineering including time and action presentation and fee structure. Possible action after reviewing Ardurra proposal.**

No action today per Bill Spain. We need to hear from him on 4/21/23 and see his numbers and then decide if we are prepared to vote or wait until the May Board meeting. Bill Spain emailed Ardurra’s proposal to all Board members. He would like everyone’s input and feedback. He would like this input and feedback by 4/19/23.

**20. Discussion and possible action regarding status of payments by owners for Westside construction costs and approving the filing of lawsuit(s) for collections enforcement. The Board may vote to enter into executive session regarding this item under ARS §38-431.03(A)(3) for legal advice and/or (A)(4) regarding negotiations.**

Bill Spain moved this item to the end of the meeting for a potential executive session.

**21. Discussion and update regarding WIFA loan status submission and status. Lee Krosnicki.**

Per Lee Krosnicki, it looks like there is not an issue in getting the WIFA loan approval if the rate increase is in place first.

Bill Spain added that they also want to see the new budget and a copy of Ardurra’s engineering proposal. Lee Krosnicki added that we do not have to pay off the existing loan in order to get the new loan, if debt servicing on the new loan can be covered.

Per Bill Spain, it was discovered that our accountant was not factoring in the interest of the WIFA loans.

The amount was $50,000 to $75,000 off on a yearly basis. Tom Eade asked if the loan still needed a public vote and it was confirmed that it is necessary.

**22. Update from Lisa Frazier on new billing system implementation and cost reduction analysis. Status of computer contract with Tom Hartsock and cost reduction analysis. Projection of Administrative non-employee cost reduction.**

Per Lisa Frazier, we are on track to end the relationship with PSD’s current IT provider and transition to Micronet with savings of $12,000 a year. If PSD bills quarterly, that is another $13,000 savings each year. PSD is experiencing some pushback from the current IT provider to get it to release information that Micronet needs. Lisa asked to have the quarterly billing placed on the next agenda so we can have this in place by July 1, 2023.

**23. Discussion and possible vote on PSD district policy implementation for Westside sewer line “TV” requirements and installation of Backflow Prevention Assembly.**

Per Bill Spain, items to consider for requirements and installation. Resolutions can be ready for vote next week. The Board will need to consider whether the Sewer Ordinance 2022-05-22 requires all Westside additions to satisy:

1. Sewer overloading – Install a check valve to prevent flooding.
2. Ensure check valves prevent leaks prior to hookup to sewer.
3. Cleanouts exist from 2-10ft from building.
4. No storm waters, fat, oil, grease, gasoline or explosive material or gases be allowed into laterals.
5. Absolutely no septic waste.
6. Lateral lines to be inspected every 10 years, beginning 1/1/33 with prescribed charge assessed for unit to the landowner.
7. Lateral line issues between the home and main sewer line easement must be corrected by the landowner.

Bill Spain then shared that Bob Timberman brought up the fact that we will need to go in and TV the lines once everything is hooked up to ensure that there is not potential for a sewer violation. We will need to camera the entire system.

Bill Moore asked who will be doing the TVing every 10 years. Bill Spain responded by telling him it will be PSD, just like it is now on the Eastside. The fee is $250 per unit at present time, but this can increase. Bill Moore asked if we were talking about $250 per RV space. Bill Spain responded with a yes.

Bill Moore thinks the RV Park should be dealt with differently. The lines are only 10 feet from the unit to the main line. This will be a future decision after investigation per Bill Spain. This is a time-based cost, and PSD has to recover the cost of labor.

No action taken.

**24. Discussion of need for sewer ordinance updates and clarifications. Confirmation of recording and posting resolutions in 2017 and 2022.**

Moved to the end of the agenda for a potential Executive Session.

**25. Discussion of need to publish “Intent to Order Improvements for the Public Benefit Publishing” in April 2023 and to be included in May Billing.**

Per Bill Spain, timewise this needs to be done 60-90 days before implementation.

We did send in the appropriate paperwork to the County that there will be a vote this November.

When does this need to be done, who does it? Timing needs to be correct. Legal counsel was asked to look into it.

**26. Lee Krosnicki presentation to Board on status of performance evaluation process. The Board may vote to enter into executive session regarding this item under ARS §38-431.03(A)(1) regarding employment matters and/or (A)(3) for legal advice.**

Moved this item to the end of the meeting for a potential executive session.

**C. New Business**

**27. Discussion and possible action pertaining to ADEQ Rulemaking regarding Conventional Septic Tank Systems and PSD role in enforcing requirements.**

Bill Spain stated this would be discussed later after asking what ADEQ expects PSD to do.

**28. Discussion of quorum availability for a Special Meeting to hold a public hearing and vote upon rates increases for the “O & M” fees district wide effective 7/1/2023 on Friday April 21, 2023 at 3:00 pm.**

Tom Eade will not be available for this meeting, but a quorum was confirmed available.

**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)**

Bill Moore said that he called the other day and asked Lee for a copy of the Ordinance, he thought he could find something in there about payments. He said Lee was not able to provide the Ordinance to him and he could not understand this. Lee did not recollect that he was asked for this. Lisa Frazier then shared that Bill Moore did not talk to Lee about this and it was Lisa that Bill Moore spoke to. Lisa said that we were in the middle of updating the ordinance and that she wanted him to have the newest Ordinance which is not ready yet. Genna Caviness also shared with Bill Moore that the Ordinance can be found on the county recorder’s website. Bill Moore stated that he felt that it should be on the PSD website.

Bill Moore asked about the capacity report that was done several years ago and it was taking forever to get it done. Bill Moore asked if he could have a copy. Stanley Engineering did not do the capacity report, but Robert Rose did. Bill Moore’s attorney wants to see it in preparation for the “will serve” letter. Bill Spain said that this information should be in the sewer ordinance, and he will get Bill Moore a copy.

Bill Moore stated that the WIFA catch up was a phrase that used to be real common. He said that the money that we are asking for, for the Phase V property, why is it the full amount. What ever happened with being allowed to pay it over the years. Bill Spain explained that the District has paid construction costs in full and Phase V’s portion is now due. Now that the job is done, and the job was paid for by PSD, the money is now due and, if the money is not received a judge will end up making the decision. Shuster asked PSD to put the sewer lines in, whether Shuster uses them yet or not, Shuster signed the annexation, Shuster signed the engineering plans that Shuster requested. PSD did everything that was to be done, it is now time for Shuster to pay. Bill Moore commented that Bill Spain does not need to be so defensive, and Bill Spain responded that he is being forthright. A judge will decide the issue unless Shuster decides to take action and pay the construction cost bill.

Bill Moore said that he read in the article that the District could be in danger of having the state take over the District and commented on whether that wouldn’t be a bad result. He also stated why Shuster should pay construction costs if the District is in such bad shape.

Brandon Kavanagh responded that Shuster is withholding $660,000 while trying to simultaneously claim that the fact that PSD doesn’t have enough money means Shuster shouldn’t have to pay what it owes that is causing the financial issue, which makes no sense. The District is trying to collect the money that was fronted for construction, because Shuster asked for all its Westside properties to be added to PSD in an annexation. Bill Spain added that Shuster knew going in that as soon as everything was installed, payment is due. The fact that Shuster’s plans have changed, and Shuster does not know what it will be doing with Phase V, that is Shuster’s issue, not PSD’s. Shuster owes the money, and needs to pay it.

Bill Spain also relayed to Bill Moore that if PSD is taken over by the state, Shuster would be paying 3 times as much from higher administrative costs.

**16. Return to Royce lawsuit agenda item.**

Motion to go into Executive Session under A3 for legal advise: Dick Drinen

Second: Gail Van Deurzen

Ayes: Len Friedlund, Bob Timberman, Tome Eade, Dick Drinen, Gail Van Deurzen

Nayes: None

The Board entered into executive session at 4:35pm. The Board returned to open session at 5:12pm.

Legal counsel was instructed to proceed as directed in executive session.

**18. Return to “Resolution vs “Motion” discussion**

Motion to go into Executive Session under A3 for legal advice: Tom Eade

Second: Gail Van Deurzen

Ayes: Bob Timberman, Len Friedlund, Tom Eade, Dick Drinen, Gail Van Deurzen

Nayes: None

The Board entered into Executive Session at 5:13pm. The Board returned to open session at 5:36pm

**20. Return to Westside Construction Costs and Collection Enforcement item.**

Motion to go into Executive Session under A3 for legal advice: Gail Van Deurzen

Second: Len Friedlund

Ayes: Len Friedlund, Gail Van Deurzen, Bob Timberman, Dick Drinen, Tom Eade

Nayes: None

The Board entered into Executive Session AT 5:37pm. The Board returned to open session at 5:46 pm.

Legal counsel was instructed to proceed as discussed in executive session.

**26. Return to performance and staffing issues.**

The Board discussed whether an A1 Executive Session was appropriate or if the item should be put on the agenda for the May meeting. The decision was made to table to clarify what is to be discussed about PSD staff overall. The current agenda item can include discussion of the District Manager’s progress on the performance evaluation process but not the discussion of any particular employee.

Motion to go into Executive Session under A! regarding employment matter: Bob Timberman

Second: Gail Van Deurzen

Ayes: Len Friedlund, Gail Van Deurzen, Bob Timberman, Dick Drinen, Tom Eade

Nayes: None

The Board entered into Executive Session at 5:56pm about Lee Krosnicki’s performance evaluation process. The Board returned to open session at 6:00pm

**Return to Call to the Public**

Tom Eade addressed the Board to notify them that he will have to resign from the Board due to family health concerns. His written resignation is effective April 14, 2023. Bob Timberman asked if he would consider a leave of absence. Tom noted he did not know how long the issues would take and wanted to make room for someone to be active.

**Final comments/Adjournment**

Bill Spain noted in open session that with the current monthly income, PSD can make it through July 1 and make the WIFA payment but would have very little left after that. Len Friedlund confirmed that the WIFA payment could be made on the current pace of expenses. Bill Spain noted that any open positions at PSD really could not be filled at this point.

Motion to Adjourn: Tom Eade

Second: Bob Timberman

Ayes: Len Friedlund, Gail Van Deurzen, Bob Timberman, Dick Drinen, Tom Eade

Nayes: None

**Adjourn** 6:02pm

Clerk of the Board

Gail Van Deurzen