**SPECIAL BOARD MEETING MINUTES, PINEWOOD SANITARY DISTRICT**

**April 21, 2023**

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

**1. Open**

3:00pm

**2. Pledge of Allegiance**

**3. Roll Call**

Present: Bill Spain, Len Friedlund, Kass Kral, Dick Drinen, Gail Van Deurzen, Bob Timberman

**4. Correspondence – Letters pertaining to rate increases**

Lee Krosnicki has been in contact with ADEQ, keeping up on what they need, and what they want.

Bill Spain has received two letters of interested public comment that are requesting a reply.

First letter is from Rick Schroeder asking why or how the storm rain getting into the sewer system, and his desire that test be done to figure out where it is happening and whether funds are available to address the issues.

Second letter is from P.F. Borshack, noting the age, condition and needs of the system and the request for an increase in rates. The letter notes concerns and impact due to increase misuse of the system as a result of the Airbnb, VRBO traffic, etc. and whether the District would consider 1) additional increases in fees specific to just rental properties to assist in cost and damage impact on the system and 2) for the new properties on the Westside of I-17, a bond similar to the one issued to previous residents to specially address the need to expand due to the current construction.

Bill Spain and Lee Krosnicki will provide replies to the letters.

**5. Public hearing pursuant to A.R.S. §48-2027(H) regarding increase in system-wide operations and maintenance fees**

Per Bill Spain, the Board is prepared to vote on this matter with approval from legal counsel on timing.

The increase proposed is an 8.5% increase to just the maintenance and operation fees and is purely inflationary. He noted that there is a Westside component that many have asked about, that is a totally and separate issue from what is being considered, although the rate increase will affect the Eastside and Westside.

Bill Spain opened the floor up for public comment.

Sankit Patel, owner of Motel in the Pines, received a letter, saying his increase is from $50.57 to $275.00 and plus water usage fee. He is okay with the 8.5% increase but not the $275.00. He used the example that the Airbnb’s work just like a hotel and feels that they should be increased also.

Bill Spain explained that the 22 hotel rooms with 22 bathrooms caused the budget committee to note that the motel was not paying what other businesses are paying. Sankit asked if all the other businesses pay water fees as well and Bill Spain responded by saying that they all do with the exception of the two real estate offices. The increase for Motel in the Pines brings them up to a fair share of costs based upon the 22 bathrooms.

Kass Krall stated to Sankit Patel that the Board understands his stance about the Airbnbs, VRBOs and short-term rentals. Gail Van Deurzen noted that at the present time, the county does not make them have a license as a business and, if that changes, the Board could look into an increased fee for them as well.

Bill Moore asked when the last rate increase was. Dick Drinen thought it was 2013/2014. Bill Moore said if he was on the Board, he would have asked for a much higher increase, like 15%, and not go higher when WIFA costs come in. Bob Timberman stated to Bill Moore that when the WIFA loan comes through, we will have another increase to our residents.

Bill Spain noted that the District is still cutting costs wherever it can and it looked at national averages and data to come to the 8.5% inflationary increase for O&M costs system wide.

Bill Spain closed the public hearing at 3:19 pm with no action taken.

**6. Presentation by Ardurra Engineering, Michael Janes**

Michael Janes presented to the Board summarizing the District’s current problem with I&I, (inflow and infiltration). Every time it rains, or we have snow run off, it’s all going into the manholes and it’s overloading the systems, noting the age of the systems and lift stations. ADEQ understands that this is a big issue, with 700 manholes and 40 miles of pipe and the underwater lift station at Lake Odell, but they will want a plan. Ardurra’s proposal would be a multi-year plan. The idea is to start addressing some of the issues now and getting to the “low hanging fruit” first to make as much impact as easily and efficiently as possible.

Arudurra proposes to design approximately 8000 feet of sewer replacement and replace 20 manholes in known accessible and easy to get to places. It would need to be designed, permitted, and get construction started. Ardurra’s proposed scope includes pitching this to ADEQ as part of Phase 1 of a plan.

As soon as Phase 1 could be out to bid and get a contract started, Ardurra can start on Phase 2. Michael Janes is ready to start next week if he gets approval.

The other part is the plant - He met with plant staff and talked with them. There are issues in the plant starting with the barscreen; the screening system does not work and this leads to a chain of problems. Wipes, rags and plastic bags are an issue. Ardurra can design, permit, and get it out to bid. Getting the parts and equipment will take the longest. The chlorinator is being heavily used this year with the bypasses and there are some major safety issues that need to be addressed.

Part of Ardurra’s plan is to also help out through construction, assist with the WIFA loan to meet certain requirements and help with the WIFA draws and finance. The draws have to be sealed by an Engineer.

Ardurra would work directly with ADEQ. Michael Janes would also be the project manager. Ardurra is currently the city engineers for Williams, Winslow, Page, Springerville, Pinetop Lakeside and Clarkdale.

Bob Timberman shared that his understanding is that WIFA will not give us the loan until it goes to a vote this November, so how would the District get things started now. Per Bill Spain, the District is in a deep financial situation at this point in time with $1.3 million that is owed. Depending on the outcome of that money coming in, depends on when the District can move forward. Per Michael Janes, Ardurra can scale back on Phase I until a larger dollar amount becomes available. The supply chain delay on the barscreen is about 10 months to a year so getting an order in soon would be beneficial.

Bill Spain shared a concern on the reviewing of the contract and wanting specific timeframes promised. Michael Janes will put together a schedule and do everything in their power to meet the schedule unless it is out of their hands. The first year’s proposed budget for Ardurra is $615,075.

No action was taken

**7. Presentation by Dan Leuders, possible Pinewood Sanitary District consultant**

Dan Leuders introduced himself along with his resume and credentials. He shared some of the situations that he has come up against working in the sanitary system business including time spent at Kachina Village nearby as well as at the City of Cottonwood before his retirement. He shared some ideas he had from listening to the presentations today. Dan charges $75 an hour if he was hired as a consultant and stated he could work alongside Ardurra and District staff. He noted he has some document templates for bids and contracts and experience with issues of sanitary systems facing hard times that he was happy to help with, but that he was not looking for employment only offering his expertise while keeping busy in retirement.

Bill Spain called for a 10 minute break at 4:35 pm, will reconvene at 4:45 pm.

**8. Discussion and possible action regarding increase in system-wide operations and maintenance fees**

1. **Eastside District Motion**
2. **Country Club Motion**
3. **Westside Inspire and Shuster Properties Motion**
4. **General Business’ Motion**
5. **Motel in the Pines Motion**

Motion to go into A3 Executive Session: Dick Drinen

Second: Bob Timberman

Ayes: Len Friedlund, Gail Van Deurzen, Bob Timberman, Dick Drinen, Kass Krall

Nayes: None

The Board entered into executive session at 4:50 pm asking Lee Krosnicki and Lisa Frazier to participate.

Bill Spain called the meeting back into order at 5:14 pm. Item 8 will be tabled for today without action. The next regular meeting will be on May 11 with a plan to schedule a second public hearing before the final vote and adoption.

**9. Discussion and possible action for Board motion to give direction to enact/implement budget reductions and staff reductions per approved current budget**

No action taken - tabled.

**10. Discussion and possible action for Board motion to adopt Westside resolution to enforce Pinewood Sanitary District policies and procedures pertaining to installation of check valves, lateral line inspection requirements and lateral line maintenance and responsibility by landowner**

No action taken - tabled.

Adjourn: 5:15pm

Clerk of the Board

Gail Van Deurzen