**BOARD MEETING MINUTES, PINEWOOD SANITARY DISTRICT**

**May 11, 2023**

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

**1.  Open**

3:00 pm

**2.  Pledge of allegiance**

**3. Roll Call**

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

Absent: none

**4. Administrative information**

None per Bill Spain

**5.  Approval of the Board Minutes for April 13, 2023 and April 21, 2023**

Motion to approve 4/13/23 and 4/21/23 minutes: Dick Drinen

Second: Bob Timberman

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Dick Drinen, Kass Kral

Nayes: none

**6.  Correspondence**

Lee Krosnicki has been talking to both WIFA and ADEQ, they are interested in finding out timeframes for system repairs and improvements.

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

The Board did not have any questions about the P&L

Bill Spain asked for clarification on various items:

* K Johnson housekeeping – this was her last check, the office staff is now cleaning the office
* Executech – Legal counsel is working with Lisa to end the relationship. A new IT company, MicroTech, is ready to take over services.
* Attorney fees – these are general and litigation fees
* EnviroTech – Electrical work on the beltpress, the storm caused it to burn out
* Capital Pump – rental needed for excess storm water

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

Per Lee Krosnicki, we have normal flows now that the extraordinarily heavy winter is over and are around 120,000 gallons a day again. Discussions occurred about how the average per day flow for the year is still coming down as each lower day is still balancing against the heavy days this winter. Bill Spain was happy to see more TV footage completed on the lines. Staff member Dave Richardon (“DR”) noted they are working on smoke tests once washes recede to expose manholes. DR also noted the need to work on leakage issue in the Cougar area.

**9. David Dow retirement presentation**

The Board recognized Dave Dow’s years of service. The certificate/award will be mailed out to him as he was not able to attend.

**10. Discussion and possible vote on Randy Lewis existing Tap/Installation for Navajo lot**

It appears that the previous District Manager miscommunicated the fees to Randy Lewis for the WIFA payoff for the total costs for him to connect to the District system as prior letters discussed capacity fees but not the WIFA fees. Bill Spain explained to Randy Lewis that the rules and regulations are available for his viewing and always have been. Due to the lack of clarification and potential miscommunication, the Board discussed accepting a specific number in satisfaction of the WIFA balance, but the capacity fees must be paid in full, Randy Lewis was willing to accept such an approach. It was discussed that this was a contested claim that was being resolved for economic reasons for the benefit of the District finances if payment is made promptly to resolve the situation. Bill Spain noted the need to state that the amounts due would be paid no later than a set date.

Motion to settle contested claim regarding WIFA fee at $\_\_\_\_\_\_\_ as payment in full with full payment for the capacity fee under the District rules and regulations promptly: Bob Timberman

Second: Len Friedlund

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Kass Kral

Nayes: Dick Drinen

Randy Lewis stated to the Board his intention to pay promptly and in all one lump sum.

**11. Discussion and possible vote concerning pipe issue for 115 Navajo – Ryan Mayser, 125 Navajo – Marianne Klein, Lower Lot 148, Upper Lot 148, Upper Lot 147, 135 Navajo – Beverly Jenkins**

Per Bill Spain, these lots were marketed as sewer and water available, electricity on the back of the lot line.

All three utility companies involved apparently approved about 18 years ago.

The Board reviewed a letter from Jim Wilson written on 3/21/2005 to the Coconino County Development Department, informing them that sewer capacity is available for the lots, permits are pending and copies will be forwarded when owners are ready to develop as well as letter from AZ Water confirming water hookup.

Bill Spain was contacted by Ms Klein, they spoke on the phone for an hour and a half, she was frustrated that she was not able to get this resolved, even after speaking with several staff members. The estimate to install a new sewer line is $76,000. DR offered a potential resolution to Ms Klein that if she held the District harmless for the water line being too close to the sewer line, perhaps the District could allow the lines to remain where they are.

Both Bill Spain and DR spoke about the fact that the sewer line and water line should never be in the same place and the lines are not in compliance.

Bill Spain also explained that the excavation done at lower 148 wiped out the sewer line.

Bill Spain offered to the Board that we temporarily let these homeowners use the current line that is in place, since it was already passed and approved by the previous administration. The District will then try to find a way to run a separate sewer line in the next 18 months when we are in a different financial situation.

DR shared that it would be better to leave the sewer lines where they are and move the water lines.

The Board members expressed a desire to get legal advice on the situation.

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

Second: Gail VanDeurzen

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Dick Drinen, Kass Kral

Nayes: none

The Board entered executive session for legal advice at 4:03pm

The Board returned to open session at 4:29pm

Bill Spain asked if there are any motions.

Motion to approve use of current sewer lines in place for 115, 125 and 135 Navajo properties installed by Charity Construction in 2005 and authorized by PSD via addendum to annexation memo of 9/26/05 by former District Manager, Jim Wilson and District Engineer Joseph Holgate. Capacity and hook-up fees shall be assessed, but construction fees are already addressed. Lot owner for 115 Navajo to be responsible for excavation damage done to existing lines. Owners must waive and release PSD from liability. The District will work with AZ Water to establish code compliance.

Motion: Dick Drinen

Second: Bob Timberman

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Dick Drinen, Kass Kral

Nayes: none

**12. Discussion/review of quotes and possible vote on required main line replacement for Denise and Tim Quitiquit, 17280 Stallion and Amy Thomas Putz and Ron Todd Sunday – 17290 Stallion**

Bill Spain shared that the District had an emergency main line failure in this location and a general discussion resulted of the history in the area and what DR has observed regarding the condition of the pipes along with the need for an easement for the location of the replacement pipe. DR put together quotes for the District to make this fix internally vs an outside contractor. Per Bill Spain, the District does have the money to make this project happen. If we use District staff to make this happen, it will take everyone off their current jobs. PSD equipment is also not in good enough shape. A general discussion resulted regarding the dollar costs versus the labor opportunity costs of PSD staff having to not work on other matters to take on this project. It was noted that this project would be something looked upon positively by ADEQ since this is a collector sewer. It was also discussed how many properties could go without service if the work is not done promptly.

Motion to approve request to utilize outside contractor (Longfellow Construction) to make emergency main line replacement for 17280 and 17290 Stallion for up to $50,000 for around 200 feet of pipe to be replaced.

Motion: Kass Kral

Second: Gail VanDeurzen

Ayes: Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Dick Drinen, Kass Kral

Nayes: none

**13. Discussion and possible vote on $50,000 fee deposit/contract for Ardurra Engineering to initiate Spring 2024 Collection Repair Strategy to present to ADEQ/WIFA for approval**

Bill Spain noted the need for Ardurra to help the District start work to make ADEQ satisfied that steps are being taken appropriately to address the system. He has reviewed the finances and sees that there is some room for an initial payment to Ardurra, but not the larger amounts proposed by Ardurra before for the comprehensive project. The work will help prepare for the November vote on the WIFA loan request.

Motion to authorize $50,000 scope of services with Ardurra Engineering to initiate full plan to address ADEQ Administrative Consent Order. $50,000 contract to be drafted between PSD and Ardurra to secure detailed time and action plan to initiate system wide collection repairs to lines and manholes after approval of November 2023 ballot vote to approve WIFA loan.

Motion: Len Friedlund

Second: Gail VanDeurzen

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Dick Drinen, Kass Kral

Nayes: none

Bill Spain shared that the District will not be moving forward with Dan Lueder based on the decision to work with Ardurra.

**14. Status of hooking up Phase 3 & 4 RV Park and Shuster Strip Mall and decommissioning of Phase 3 septic system and associated certifications – Lee Krosnicki**

Per DR, Phase 3 is on and running. Phase 4 is hooked up but there are no pumps in place. The RV Park is in the process of decommissioning the septic tank.

DR is working with the engineers for the strip mall for Garry Shuster. He found some things that are not on the original plans. He found extra piping that is not uniform and there are holes in it. DR let the RV Park know that it is mandatory that we inspect their work. Bill Spain requested that DR put this in a written format.

Per DR, the RV Park is doing things that are in direct violation of PSDs rules and regulations. Bill Spain shared with Nick Green that he needs to have his contractor stop all work that is in violation with PSD.

Bill Spain told Lee Krosnicki and DR that we need specifics in writing to be sent to the RV Park and Garry Shuster with a demand for them to stop violations immediately.

Every unit in Phase 3 & 4 must have a backflow preventer.

**15. Discussion of Westside construction costs payment status**

Per Bill Spain, he sent a response letter to Garry Shuster using the 408 settlement discussions rule, letter was sent on 5/9/23. The letter read that regardless of your change of plans, the Shuster Companies in 2013, at the request of Garry Shuster, formerly requested annexation into the District. At that time, they signed for the annexation to occur causing the construction to be initiated. This was a final request to please pay what they owe PSD, approximately $659,000.

**16. Status of billing O&M for Phase 3 & 4 and status of overall billing conversion – Lisa Frazier**

Per Lisa Frazier, on the billing conversion, she is working with Tori from Value Pay systems and they will do this for free. They were waiting for changes to occur, but it is taking too long, and they would like to start now. Their IT will work with our IT. PSD can then start sending electronic invoices. PSD may be able to start 7/1/23.

Regarding the quarterly billing, PSD needs to make sure that the word gets out to the community. PSD will make sure that it gets in the newsletter and the newspaper article.

Phase 4, there is nothing to bill yet. Only Phase 3 will be billed at this time. A general discussion occurred regarding whether Royce has paid its capacity fees or just construction fees for these two phases. Staff will work to confirm.

**17. Discussion and possible vote to initiate quarterly billing effective 7/1/2023**

Bill Spain asked if there was a motion proposed.

Motion to authorize the PSD staff to implement a new billing format, late fees and quarterly billing effective 7/1/23.

Motion: Gail VanDeurzen

Second: Len Friedlund

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Kass Kral

Nayes: Dick Drinen

**18. Review and discussion of recorded vs non recorded resolutions**

Motion to go into (A)(3) Executive Session for legal advice.

Motin: Dick Drinen

Second: Bob Timberman

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Dick Drinen, Kass Kral

Nayes: none

The Board entered into executive session at 5:25pm

The Board returned to open session: 5:33pm

No action taken.

**19. Discussion of status of Royce/PSD litigation**

Bill Spain presented a summary of the lawsuit and case filed by Royce from their publicly filed complaint. Royce is requesting that the court should make a decision over what is owed to PSD. The case does not mention that the former owner of the RV Park, actively requested an annexation to bring all Phases on to the District in 2013. Bill Spain read portions of the complaint out loud to the Board, staff and meeting attendees. Royce is asking to pay a lower O&M fee and to not have to pay construction fees for Phase 1, 1A and 2.

Legal Counsel filed a motion to dismiss or include additional indispensable parties in the case as Royce did not include all necessary parties based on the issues in the complaint.

**20. Review, discussion, and possible action for resolution to address “Theft of Services” Policy and Fine**

DR brought up this issue with Bill Spain. Bill Spain read the 2011 Law noting the charge could be a Class 6 Felony depending on the facts involved.

In the last 3 months it has been brought to Bill Spain’s attention that manholes have been invaded with water directly into them, and an individual on Barnwood tried to break in to the sewer tap emptying his RV waste and was caught by DR. Staff has shared that this has been going on for sometime now. Staff should be instructed that automatic reporting to local law enforcement and the county is mandatory when situations like this arise. There is a planned article for the local newspaper to speak to this. It was pointed out that state law does not need to be adopted or approved by this Board, just that staff is directed to report such incidents whenever observed.

Motion to direct staff to report, “Theft of Services” incidents to Sheriff Dept and the County for investigation and prosecution.

Motion: Gail VanDeurzen

Second: Kass Kral

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Dick Drinen, Kass Kral

Nayes: none

**21. Review, discussion, and possible action regarding changes to the sewer rules and regulations and recording of updated version resolving Board questions**

Bill Spain discussed some of Dick Drinen’s review of the existing rules and regulations. The name will change from “Sewer Ordinance” to “Rules and Regulations” in the document itself.

A discussion occurred that ADEQ made an exception for Phase 1, 1A and 2 that as long as their existing septic was ok, they did not have to connect to the District sewer. It is in the Shuster Aquafier Protection Permit.

Bill Spain asked to confirm where everyone must connect to our sewer if in the District and whether an RV is considered a building or not, with Dick Drinen saying his understanding was no, a park model is considered a building but not an RV. The $50.57 O&M fees do not apply to RVs, an RV charge is $16.86 per Dick Drinen’s understanding. It was discussed whether revisions to the rules and regulations can be made to clarify various issues.

**22. Discussion of preparation of letter to ADEQ and WIFA from Lee Krosnicki/Bill Spain sharing action plan to address administrative consent orders**

Bill Spain will draft letter for Lee Krosnicki to tell ADEQ and WIFA exactly what PSD is doing and where PSD is in the process. Kass Kral noted that more specifics can be given now after today’s decisions.

**23. Call for posting of candidates for open Board position**

Ad in the Pinewood News regarding the Board vacancy will go out on 5/18/23. Dick Drinen noted the timeline for the Board to fill the seat. Bill Spain believes there are some interested individuals.

**24. Review and discussion of Pinewood News article expected to be published on May 15, 2023 about district costs and financial issues**

Bill Spain stated to the Pinewood News, representative in the audience, Sandee Caviness that all interviews and requests need to go through him as the Board Chair and not the staff individually. Sandee Caviness thanked the Board for their transparency in the last few articles and said that the readers appreciate it. The newspapers focus has changed and really wants to know why some of the biggest owners in Munds Park will not pay their share and that this puts the community in hardship. Sandee will not be reaching out to PSD staff and will take a different approach to her article by reaching out to Bill Moore and Nick Green.

**25. Lee Krosnicki performance appraisal Board update/discussion. Possible (A) (1) Executive Meeting**

Motion to enter into (A) (1) session: Dick Drinen

Second: Bob Timberman

Ayes: Len Friedlund, Gail VanDeurzen, Bob Timberman, Dick Drinen, Kass Kral

Nayes: none

The Board entered into executive session at 6:15 pm.

The Board returned to open session at 6:22pm. No action taken but Lee was instructed to proceed as discussed in the executive session.

**26. Budget reduction update and discussion**

Matter tabled, ongoing work noted

**27. May 31, 2023 Special Public Meeting/Forum reminder at 3pm, for discussion and possible vote for “O&M” inflationary rate increase**

Bill Spain noted recent discussions he has had with owners regarding the proposed fee increase. Including Pinewood Country Club (“PCC”). There was a cost of O&M versus providing effluent to PCC discussion noting the current effluent agreement ends in 2025. Kass Kral noted hauling water instead would be very expensive. The discussion concluded noting that the May 21, 2023 meeting will be a public hearing for any additional comment to be made on the proposed O&M fee increases.

**Return to item 14**

Bob Timberman requested to return to Item #14 to discuss the need to count table at the strip mall for appropriate connection costs. A discussion resulted on the potential timing of a table count. Bill Spain recommended forming a table group to make a recommendation next meeting.

**Adjourn**

6:33pm

Clerk of the Board

Gail Van Deurzen