**BOARD MEETING MINUTES, PINEWOOD SANITARY DISTRICT**

**June 8, 2023**

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

**1.  Open**

3:02 pm

**2.  Pledge of allegiance**

**3. Roll Call**

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

**4. Administrative information – Status of Board Candidate Applications.**

Bill Spain shared that he has not received any applications for the open board seat.

**5.  Approval of the Board Minutes for May 11, 2023 and May 31, 2023**

Dick Drinen asked that we correct the word change to charge on item #20 for the May 11 minutes.

Motion to approve with revision: Bob Timberman

Second: Len Friedlund

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

Nays: none

**6.  Correspondence**

Lee Krosnicki has been in correspondence with ADEQ and WIFA and keeping up with the plant permitting. Lee has also been in contact with Maryann several times, the lines were inspected and look good. APS would like to use our wood lot for their trimming.

**7. Expenses Review P&L Report for May and balance sheet for May. Budget Update actual through 5 year budget.**

Bill Spain has gone through the P&L and compared it to the budget. PSD is about $200,000 worse than expected. The winter equipment rental and chemicals were the biggest overage.

Bill Spain’s projection of $553,000 off budget in July, PSD will be closer to $740,000 off budget. Attorney expenses continue to be very large.

The check PSD wrote to Ardurra for $50,000 was also cashed.

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

Per Lee Krosnicki, he has noticed an increase for the month is up one million gallons from last year. PSD is stabilized and the flow is good. Bill Spain noted that the lateral inspections are down compared to last year, 13 inspections vs 40.

**9. Review of chair memorandum to ADEQ/WIFA for quarterly touch base. Discussion and possible action to approve sending re: consent order.**

Bill Spain shared his letter to ADEQ and WIFA with the Board.

The letter basically addresses the consent order and what PSD has accomplished in the last 90 days. It also addresses what PSD has been up against and facing in the next 6 months with our finances and that PSD does not have the operating funds to move forward with some of the consent orders. Until a new vote happens for the WIFA funds, we are out of money. Unless the 1.3 million dollars is paid by Royce and Shuster, we do not have the operating capital to move forward. PSD also does not have the operating capital to replace any positions that vacate, and PSD needs to make some employee adjustments and they need to be made now. PSD is in a very serious financial situation.

Ardurra Engineering suggests that PSD find out from ADEQ exactly what their measures will be if the vote does not pass in November. Without the money and passage of the WIFA loan, PSD is unable to make necessary improvements to comply with the consent orders. Dick Drinen shared that if we do not get the WIFA loan, we can get a commercial loan at a higher rate.

**10. Update from Lee Krosnicki on completion of staff reviews and adoption of 2023/2024 fiscal year goals and objections.**

Per Lee Krosnicki, all reviews have been completed with the exception of one.

Bob Timberman had questions about two employees that received raises that were not supposed to. Bob questioned who approved these raises? Per Bill Spain, this will be discussed in executive session.

**11. Discussion and possible action regarding Inspire Communities rec hall and confirming which phase is it in.**

Bill Spain asked Nick Green from Inspire Communities which phase is the rec hall in? Nick Green can not answer the question but will take down the question to get an answer through legal counsel. Bill Spain asked Nick Green on an ETA of when the rec hall will be open. Nick Green did not have an answer.

**12. Status update of back flow valves installation for Phase 3 and 4 and release of liability document.**

PSD received notice from Royce at the last minute that Royce wanted to open on May 24th. Todd Baker reached out to PSD about this. Bill Spain, Lee Krosnicki and DR sat down and prepared a list of what still needed to be done per PSD, ADEQ and County. One item was a release for indemnity for the next 6 months, should there be any kind of issue with back flow.

Phillip and his wife, public attendees to the board meeting shared that they are customers of the RV Park and they are frustrated with the sewer and water issue. They would like to have an answer as to when they will have normal sewer. The RV Park does not have an answer for them, the county does not have an answer for them so they turned to us. They paid for their spot at the RV Park and are frustrated and they are not the only ones at the RV Park that are frustrated. Phillip and his wife live full time in their RV. They were told one day before move-in that they had to sign a waiver and now the RV Park will not give them any answers. They only get water 3 days a week and the other 4 days they risk not having water. They run out of drinking water and don’t even have enough water to do the dishes. They came to the board meeting to ask for guidance. Bill Spain shared with them that he can’t give them guidance, due to the fact that PSD is in litigation with Royce. Bill Spain did share that this is a Royce issue and not a PSD issue. Phillip and his wife shared that the RV Park is sucking their sewage out 3 days a week with a machine right from their RV and they are possibly damaging their RV but cannot do anything about it because they were made to sign the waiver. Phillip and his wife also shared that they are leaving raw sewage on the ground after each suck out. Nick Green told the couple that he is more than happy to meet with them tomorrow morning.

Bill Spain shared that the issue with the raw sewage being left on the ground will be reported to ADEQ.

**13. Table count status for rec hall and strip mall.**

Bob Timberman has brought to Bill Spain’s attention that PSD needs a table count for the rec hall and strip mall. Due to the fact that we do not have any idea when they will open, we do not need this information at this time. Table this item for next meeting.

**14. Status of Westside capacity fee invoicing and collection.**

Bill Moore sent an email to Bill Spain today. The Shuster companies are paying their capacity fees effective immediately and the check is enroute.

**15. Status of Emergency “Turn Off” need for Westside lift station.**

Note from Shauna Molcare, confirms that there is nothing in place to turn off the westside lift station. If there was an emergency, there is not a way to shut it off. Lee Krosnicki understands that there is a valve there and we can use this for shut off. We do have their emergency phone numbers.

**16. Status of billing conversion planned for 7/1/2023**

Per Lisa Frazier, the company that said that they would do this for free has stopped communicating with her. Lisa has decided to reach out to them daily until they answer. Lisa did reach out to the county for help because they referred her to this company, but no help. Bill Spain told Lisa that he will sit with her to call this company.

**17. Status of 17280 and 17290 Stallion line repair.**

Per Lee Krosnicki, the repair is complete.

**18. Discussion and possible action regarding water and sewer lines issues with lots 147 upper, 148 upper and 148 lower on Navajo.**

Bill Spain shared that AZ Water is not concerned with the current set up and have washed their hands of the situation. All 3 owners have shared that they do plan on litigation with all parties involved. Jim Tenney sent text to Bill Spain asking what portion of the cost is PSD willing to help pay? Jim Tenney feels that it is in his best interest to help with costs. Randy Lewis has volunteered to use his equipment to put in a new water line but would charge $150 an hour for his time. The estimate is $6,000 to $10,000 depending on the complexity of the dig. Bill Spain shared that the least expensive way to get this resolved is for PSD to participate and spend less money.   
Motion to pay the bill for new water line to these 3 homes, up to $10,000 and a release of liability. Jim Tenney to be responsible for any dollar amount over the first $10,000: Len Friedlund

Second: Dick Drinen

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

**19. Discussion and possible action to approve resolution on O&M fee increases to address corrections in Schedule regarding WIFA fees.**

WIFA fees were clarified on the new rate sheet.

Motion to approve the revised schedule attachment that has been amended: Kass Kral

Second: Gail Van Deurzen

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

**20. Status of Pinewood Partners construction cost and Raschke construction cost for Westside.**

No additional communication from Pinewood Partners or Rashke.

**21. Update from Lee Krosnicki on equipment sale for income to the District.**

Lee Krosnicki and DR have been putting together a list of machinery that is not in use, so PSD can sell it.

Mini Bobcat – sold for $12,500 – initial cost was $18,000

Tamper that came with the backhoe, it is far too large, Hammer that does not fit our machines, several other small items, jet trailer, PSD would like to sell these items.

Motion for executive session under ARS 38-431.03(A)(3): Dick Drinen

Second: Bob Timberman

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

**22. Review of Pinewood News impending article on District financial issues.**

Motion for executive session under ARS 38-431.03(A)(3): Dick Drinen

Second: Bob Timberman

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

No action taken

**23. Discussion of status of Royce/Pinewood Sanitary litigation matter. The Board may enter into executive session under ARS 38-431.03(A)(3)**

Motion for executive session under ARS 38-431.03(A)(3): Dick Drinen

Second: Bob Timberman

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

No action taken

**24. Lee Krosnicki’s performance appraisal and budgeting direction for 7.1.2023 implementation. Discussion on committee to import the performance appraisal. The Board may enter into executive**

**session** **under ARS 38-431.03(A)(1)**

Motion for executive session under ARS 38-431.03(A)(1): Dick Drinen

Second: Gail Van Deurzen

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

**B. Unfinished Business:**

**C. New Business**

**Adjourn**

Clerk of the Board

Gail Van Deurzen