

Pinewood Sanitary District

Minutes Board Meeting September 12, 2024 3:00 pm

A. Administration: (Board members only)

1. Open

Kass Kral, Chairman, opened the meeting at 3:01pm.

2. Pledge of Allegiance

3. Roll Call

Kass Kral called roll. Kass Kral, Dick Drinen, Joe Hedgecock, Mark Giebelhaus, Bill Spain, Barb Sherman, Len Friedlund were present.

4. Administrative Information

David Richardson (DR) updated the Board about the hiring of three new employees, 1 Full-time and 2 Part-time.

5. Approval of the Board Minutes for August 8, 2024

The Board requested amendments to the August 8, 2024 minutes involving spelling corrections.

Bill Spain moved to approve the minutes with the noted corrections. Len Friedlund seconded the motion. Dick Drinen, Joe Hedgecock, Mark Giebelhaus, Bill Spain, Barb Sherman, and Len Friedlund voted in favor. There were zero votes against.

6. Correspondence

DR read a letter from a member of the public to the Board. The letter described the customer's dissatisfaction with the customer service and financial management of the District. Kass Kral noted an understanding of the cost to people of the increased O&M fees necessary for District repairs and maintenance while noting that the other changes raised are actually to save costs.

7. August 2024 Budget Review

Barb Sherman, Treasurer, explained the revenue fluctuations over the quarter are due to customers paying when first receiving their bill and customers that pay near the due date. Staff was directed to continue working with the Treasurer to clarify Board reports.

Barb explained that some budget line items, such as computer support and supplies, were high for the monthly budgeted amount, however they were under budget for the fiscal year budgeted amount.

Barb explained that soon there will be a different report layout for the Board to review financial data. She detailed how the budget line items electricity and water will need to be increased due to their upcoming rate hikes. It was noted that legal fees are down.

Approximately 50 “past due” hangers were placed in August. The Board discussed the possibility of notifying customers a different way, due to safety concerns of hangers left on doors while also noting the need to make sure owners know they are behind when other communications are ignored.

The Operator of Record budgeted amount was explained as contract work rather than payroll. Paul Cornejo, the current Operator of Record, has noted as having a positive impact on the District.

Bill Spain questioned line items on the budget, and it was explained that was why staff was developing a new report layout. He also questioned why Computer Support and Supplies were high for the month. IT Support, MicroTec, was noted as being knowledgeable and consistently helpful to staff. Staff gave an update about the progress of finding a new internet provider. Board shared input.

A specific check was questioned, and Staff explained that it was a refund paid to a customer.

8. Operations Report: Plant Operations- David Richardson / Collections- Josh Palmer

DR explained the need for an employee training agreement and provided a draft copy to the Board. They directed Staff to continue developing the agreement and training incentives.

93,900 feet of footage has taken of the main lines in the park to date. 3600 feet of footage was taken of laterals due to real estate inspections. 2 callouts occurred in August. 14 real estate inspections, 64 blue stakes, and approximately 50 shut offs were hung.

Chlorine Safety training will occur on September 25th. The Fire Department has been invited to attend. Respirator Fit Test will also occur in September. Insurance discounts due to advanced training was discussed.

Vehicle maintenance is currently underway. It will cost approximately \$4000. Year to date, the District has spent \$1900 on vehicle repairs.

Year to date, the District has spent \$55,000 on chemicals.

Year to date, 22 plant repairs have been made and \$50,000 spent.

Engineering funds were discussed. There is \$95,000 remaining in the Engineering budget line item.

DR updated the Board on the status of WIFA (Water Infrastructure Finance Authority of Arizona) draws and the need to currently wait until the correct scope of work is completed.

Kass Kral updated the Board regarding the upcoming WIFA application and their availability of funds to allocate.

DR discussed the reason why the District is consistently turned down for funding based grants is because the Munds Park average resident has income above the federal poverty level.

B. Unfinished Business:

15. Update on status of settlement/ consent judgement with AG/ADEQ. The Board may enter into executive session under ARS 38-431.03(A)(3) for legal advice.

Legal counsel presented the finalized consent order for Kass Kral to sign and updated the Board regarding the process and next steps.

9. Public hearing pursuant to ARS 48-262(A)(11) regarding petition for voluntary de-annexation of almost all of Royce Phases 1, 1a, and 2.

Public hearing opened at 3:39 pm.

A member of the public asked for clarification on what areas were included in the de-annexation. The Board explained that there needed to be a 3' access strip remaining included in District boundaries for the statutory contiguity requirement. No other comments were made by the public.

Public hearing closed at 3:42 pm.

10. Discussion and possible action to approve petition for voluntary de-annexation of almost all of Royce Phases 1, 1a, and 2. The Board may enter into executive session under ARS 38-431.03 (A)(3) for legal advice.

Joe Hedgecock moved to enter into executive session under ARS 38-431.03 (A)(3) for legal advice. Mark Giebelhaus seconded. Dick Drinen, Joe Hedgecock, Mark Giebelhaus, Bill Spain, Barb Sherman, and Len Friedlund voted in favor. There were zero votes against.

The Board entered into executive session at 3:42 pm.

The Board entered into general session at 3:48 pm.

Bill Spain moved to approve the de-annexation of Royce Phases 1, 1a, and 2 minus the 3' strip to remain annexed for contiguity with the contingency that a separate parcel number be created by December 31, 2024 for the portion that remains within Pinewood Sanitary District.

Mark Giebelhaus seconded the motion. Dick Drinen, Joe Hedgecock, Mark Giebelhaus, Bill Spain, Barb Sherman, and Len Friedlund voted in favor. There were zero votes against.

11. Public hearing pursuant to ARS 48-2027 (H) regarding implementation of fixture fee for District-wide properties that currently use a per gallon water usage formula for O&M Fees.

Public hearing opened at 3:50 pm.

The Board made a statement that moving to a fixture based fee system is a win-win situation for commercial customers as well as the District. No comments were made by the public.

Public hearing closed at 3:51 pm.

12. Discussion and possible action to approve implementation of fixture fee for District-wide properties that currently use a per gallon water usage formula for

O&M Fees. The Board may enter into executive session under ARS 38-431.03 (A)(3) for legal advice.

Bill Spain moved to accept the implementation of a fixture fee for district wide properties that currently use a per gallon water usage formula for O&M fees. Barb Sherman seconded. Dick Drinen, Joe Hedgecock, Mark Giebelhaus, Bill Spain, Barb Sherman, and Len Friedlund voted in favor. There were zero votes against.

13. Public hearing pursuant to ARS 48-2027(H) regarding updating of overall District rules and regulations including, if approved, fixture fee update.

Public hearing opened at 3:53 pm.

The Board discussed the need for clarification of the Rules and Regulations with an update that has been discussed at prior meetings. No comments from the public. Public hearing closed at 3:55 pm.

14. Discussion and possible action to approve Resolution updating of overall District rules and regulations including, if approved, fixture fees.

Bill Spain moved to approve the updated district rules and regulations Resolution including the prior approved fixture fees. Len Friedlund seconded the motion. Dick Drinen, Joe Hedgecock, Mark Giebelhaus, Bill Spain, Barb Sherman, and Len Friedlund voted in favor. There were zero votes against.

Staff was directed to finalize the Resolution for recording and next steps. Staff was directed to review the District rules and regulations on an annual basis.

15. Update on status of settlement/ consent judgement with AG/ADEQ. The Board may enter into executive session under ARS 38-431.03(A)(3) for legal advice.

Kass Kral reiterated that this topic was covered previously during the meeting.

16. Discussion about information regarding Raske property. The Board may enter into executive session under ARS 38-431.03(A)(3) for legal advice.

Mark Giebelhaus moved to go into Executive Session under ARS 38-431.03(A)(3) for legal advice. Joe Hedgecock seconded the motion. Dick Drinen, Joe Hedgecock, Mark Giebelhaus, Bill Spain, Barb Sherman, and Len Friedlund voted in favor. There were zero votes against.

The Board entered into executive session at 3:57 pm.

The Board entered into general session at 4:20 pm.

The Board's recommendation to the public involved is to conduct research regarding the Lost Boulder Estates HOA and the developers previously included in the prior development of the property.

Staff was directed to refer to the affected properties as Lost Boulder Estates going forward.

17. Update from DR regarding new company vehicle

DR presented 8 quotes to the board regarding a new company vehicle. The winning quote noted to the Board was for a 2025 Subaru Outback as the vehicle is for supply runs/travel not needing a truck to save on gas mileage and truck wear. The expense is within budget and therefore a Board action was not required.

DR reiterated that there is maintenance needed for the existing fleet and that work has been budgeted for. The 2024 truck is having preventive maintenance performed according to schedule.

18. Update and possible action regarding water distribution station

DR discussed the sale of reuse water benefiting several nearby communities and current construction companies. He stated that several state agencies are encouraging the benefits of reuse water for certain applications. The Board encouraged DR to apply for the necessary permits before the October board meeting. The Board reiterated that the cost for the water distribution station is within budgeted funds, and no Board action was needed for funds release. DR stated that having the reuse water distribution station may be of benefit to Pinewood Sanitary District (PSD) in future grant applications.

C. New Business

19. Discussion and possible action regarding PWCC golf course water contract

The Board discussed fiscal responsibility regarding the appropriate amount to charge the golf course for reuse water, based upon their upcoming contract renewal. PSD staff will meet with Pinewood Country Club (PWCC) and update the Board at the October Board meeting.

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)

Kass Kral initiated a call to the public for non-agenda items.

A member of the public, Nancy Huzar, requested that Board Member Bill Spain recuse himself from executive sessions regarding Lost Boulder Estates. She requested this due to Mr. Spain's involvement in the purchase transaction of her property in the name of Arizona Highlander, LLC. She continued to explain that she wished the Board to discuss her property being de-annexed. Legal counsel advised that the Board could not respond during the call to the public as this item was not an agenda item in the agenda meeting.

D. Adjourn

Kass Kral adjourned the meeting at 4:51 pm.