

ICR SANITARY DISTRICT NEWSLETTER



PO Box 215 Chino Valley, AZ 86323 237-9347

www.icrsd.net

April, 2014

Al Poskanzer Appointed to District Board

At the April 10, 2014 meeting of the Governing Board, Al Poskanzer was appointed as a Director, following the resignation of John Freeman. Mr. Poskanzer holds a PHD in chemistry from Clarkson University, and has had successful careers in both university and business arenas. He served on the Board of Directors of the Dana Point Sanitary District for 8 years, two years as president, successfully dealing with capacity issues due to growth in the area.

Board of Directors:

Bob Hilb- Chairman
Bill Dickrell - Director
Al Poskanzer - Director

Staff:

Bob Busch - District Manager
928-713-0548

Isabel Yribe - District Clerk
System Operator:

A Quality Water Company
Accounting & Bookkeeping:
MDI Taxes & Accounting, Inc.

The ICR Sanitary District now has 474 homes connected to sanitary sewer system

Governing Board Meetings are open to the public. They have recently been held at the Board Room at Chino Valley High School. Check the calendar on the website www.icrsd.net for the next meeting and location. If you would like an email sent to you advising you of the meetings, sign up on the website on tab "Contact Us".

New tank added at Treatment Plant

During the final weeks of 2013, a new tank was installed at the wastewater treatment plant. The new, 25,000 gallon tank was installed to allow a more even flow of waste into the plant for processing. The tank, called a "flow equalization tank" or "FEQ tank", provides temporary storage of influent until it can be processed in the plant. Since waste arrives at the plant in irregular flows, mirroring people's habits, the plant includes a tank to temporarily store the waste so it can be fed into the plant at an even rate. The existing tank was not large enough to manage the process efficiently. The new tank cost approximately \$90,000 to install, ½ of which was paid by developers as part of the Amended and Restated Development Agreement. (See photos on website.)

Pilot Waste Disposal Project Underway at Treatment Plant.

Over the past couple of weeks, the District has been engaged in a pilot project to reduce the cost of handling and disposing of sludge from the plant. Up to now, the District pumps sludge into a tanker truck each week and it is hauled to the City of Prescott for drying and disposal. That process costs the District over \$20,000 per year. The pilot project consists of collecting the sludge in a large bag (that permits water, but not sludge to escape), allowing the bag to dewater, and once the sludge contains a minimum of moisture, hauling the dewatered sludge to a landfill. The process has the potential of cutting the District's sludge handling costs in half. The District is consulting vendors and other treatment plant operators in looking at alternative ways of handling, filling and disposing of the bags.

Response to RFQ Disappointing

Last fall, the District issued an RFQ to several firms, soliciting proposals for upgrades and improvements to the wastewater treatment plant. It was hoped that responses would provide the District with opportunities to utilize new technology and innovative ways to upgrade the plant and make it more efficient. None of the firms solicited chose to respond to the RFQ.

This newsletter includes several paragraphs devoted to correcting claims, assertions and rumors concerning the ICR Sanitary District and its operations that have been made over the past few months.

1. Developer Funding

Rumor:

District let developers off the hook for a new plant and put the burden on residents.

Fact:

Actually, by settling the multimillion dollar law suit against the District, we got the taxpayers off the hook. The Developers will continue to fund expansion and upgrades through lot fees as TRR and WC developers sell lots. There is now over \$750,000 in the fund and there will be another \$3,250,000 collected by the time all developer lots are sold. We project that it is more than enough to add capacity as homes are built and to ultimately replace the plant when it becomes obsolete

The responsibility for any plant expansion or new plant is on the District- where it should be.

The District will decide when and how the plant will be expanded. Expanding the plant prematurely makes the plant very expensive to operate and violates ADEQ guidance. The plant currently is at 60% of capacity and is running perfectly. (See website: "Amended & Restated Development Agreement" at Documents/Reports: Developer Agreements)

Claim:

Developers funding for plant expansion is capped at \$150,000

Fact:

In addition to the long term funding mentioned above the Developers will fund 50% of the cost of upgrades and improvements for the next phase of plant improvements. Developers will match District funding to a maximum of \$150,000. This is entirely separate and in addition to, funding from the lot fee fund described above. The District has already collected approximately \$40,000 from the developers for the installation of the flow equalization tank (see website: "Documents/Reports: Developer Agreements: Amended & Restated Development Agreement- par 5a).

Claim:

The District is selling effluent to Talking Rock for \$1.10 per 1000 gallons.

Fact:

Talking Rock buys all the effluent produced by the ICRSD plant. The rate is \$4,000 for the first 1 million gallons. That is a rate of \$4.00 per thousand. Thereafter, the rate is \$1.10 per thousand which goes up in time. So far, we have been selling between 1 million and 1.4 million gallons of effluent per month, at an effective rate between \$3.17 and \$4 per thousand gallons. The \$1.10 per thousand was the average of a market study for effluent sales in Arizona. A few people have suggested we should be selling effluent for what it costs to produce. Effluent is a byproduct of the treatment process and nowhere in our market survey was it sold for the cost of the treatment. (see website: "Documents/Reports :Developer Agreements: Amended & Restated Development Agreement", par 6b).

2. Election Irregularities

Claim:

The "Recall Board" stole the 2011 recall election with illegal ballots.

Fact:

Yavapai County Recorder's Office did note some unqualified ballots which were not counted and would have made no difference in the result. The matter of ballot irregularities is totally in the hands of Yavapai County. The spreadsheet sent out by one resident claimed that votes were cast from 5 lots that did not have homes on them. Of the lots he listed 2 were in Talking Rock, 2 were from Inscription Canyon, and 1 was in the Preserve. An examination of County Records showed that in 2011 only one of those lots did not have a home on it and that lot is in Inscription Canyon.

3. Board Transparency

Claim:

The District Board conducts most of its meetings in secret, with total lack of transparency.

Fact:

The District is able to consult with attorneys in Executive Sessions for advice and consultation with attorneys on certain matters. The conditions are clearly spelled out in the Open Meeting Law. The Board may DISCUSS, CONSIDER OR CONSULT—But NOT DECIDE in an Executive Session. All votes and decisions reached by the Board must be taken or made in a public session. During the last few years, the District has been continuously involved with litigation matters which created the need to consult with attorneys confidentially. It is not wise to negotiate settlements in a Public forum, hence the Open Meeting Law provision to allow such consultation in confidential sessions.

The Attorney General investigated multiple complaints from a couple of residents in the District. The results of the investigations showed that in its first few meetings in 2011 the new Board had discussed matters in executive session that were not allowed by the open meeting laws. As a remedy, the Board received retraining on the open meeting laws and provide Agenda's and Minutes for 6 months. (see website: "Documents/Reports: Attorney General: 2013 Settlement of Open Meeting Law Complaint").

3. Legal Expense & Cost Issues

Claim:

The developers are responsible for the hundreds of thousands of dollars the District had to spend on attorneys between 2010 and 2012.

Fact:

The developer lawsuits and related litigation were in direct response to District Board actions prior to this board being seated. The current Board did spend about \$100,000 trying to recover some of those legal costs from the insurance company. The board felt that it was their fiduciary responsibility to try and recoup those costs As of this time there no legal actions pending and the legal expenses are minimal mostly those by District Counsel. (see website: "Documents/Reports: Developer/District Law Suit")

Claim: Costs have increased since the recall election of 2011

Fact: The total ad valorem tax lien for ICRSD since 2010 have been:

2010-11	\$363,056
2011-12	\$331,502 (\$48,411 in user fees were collected because of a cash flow problem)
2012-13	\$303,923
2013-14	\$353,876

The taxes collected to operate the District have been less each year than before the recall. However, individual District members tax bill may have gone up or down depending on their assessment. (see "News Article Regarding Property Taxes" on the website homepage.)

Some costs have increased and some have decreased See the District audited financial statements and budgets on the website.

Claim: ICR Sanitary District is planning to assess property owners - as much as \$30,000.

Fact:

The District Board has NOT approved or even considered property assessments (other than currently collected ad valorem taxes). See "Notice Refuting Assessments" on the website home page.).

NO LONGER OWN PROPERTY IN ICR SANITARY DISTRICT?

If you don't owned property in the District, please let us know so we can update our records!

Go to: www.icrsd.net and click on "Contact Us" and give us your former property address.

Thanks You.

ICR SANITARY DISTRICT

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