

INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

~PUBLIC SESSION MINUTES~

December 6, 2013

Approved February 3, 2014

Date: Friday December 6, 2013

Time: 9:00 a.m.

Place: Prescott Realty Office 5360 W. Inscription Canyon Drive, Prescott, Arizona

1. CALL TO ORDER.

The Governing Board for the Inscription Canyon Ranch Sanitary District convened into public session at approximately 9:00 a.m.

2. ROLL CALL.

Present were Bob Hilb, Chairman; John Freeman, Board Member; Bill Dickrell, Board Member, Gene Neil, District Counsel; Bob Busch, District Manager; Isabel Yribe, District Clerk and the following audience members.

Dayne Taylor
Harvey Roberts

3. CALL TO THE PUBLIC

- **Harvey Roberts** handed a written comment to Isabel Yribe, District Clerk and asked for it to be included in the minutes.

“Call to the Public 12/6/2013 Harvey Roberts to be included in the Minutes. In the October 2013 Newsletter the paragraph “confused by Fees” is disingenuous. From the Application for Service, the required fees that must be paid for a new residence are Capacity, Connection and Account Activation. This totals \$1260. This will be clear to people having new construction. Your statement that the Capacity Fee is \$1000 is technically correct, but nobody is required to pay just this Capacity Fee. Current residents may accept this sleight of hand along with the DEFEAT or in your word SETTLEMENT of the suit over attorney fees. And, will we learn the cost of this lawsuit?”

Mr. Hilb stated that it might not be included in the minutes verbatim as it was not a requirement. Mr. Hilb also stated that this item was not on the agenda but should be put on the agenda for the next meeting.

- **Dayne Taylor** stated that there are errors in the posted September 24, 2013 meeting minutes. He also stated that Bob Busch was directed to provide an outline of the Districts accounts and that wasn't included in these minutes. Mr. Taylor stated that what was included in the minutes did suffice as a summary but didn't go into much detail. He also stated that at the September 24, Open Meeting Law training, Mr. Busch dominated a lot of that time. It was Mr. Taylor's opinion that Mr. Busch was a member of the public and not a board member. He expressed his concerns that he wasn't allowed to talk but yet Mr. Busch was. He wanted the record to reflect that he took exception to this matter. Mr. Taylor voiced his concerns regarding the foul odor at the WWTP. He stated that he lived outside the

perimeter of the setback area and still could smell the odor. Mr. Taylor stated his discord at the manner in which Mr. Busch was handling this situation.

Mr. Hilb stated that he would address the meeting minute concerns at that point in the meeting. He also stated that Mr. Busch would address the odor issue during the Managers Report part of the meeting.

4. Bob Hilb made a motion to VOTE TO GO INTO EXECUTIVE SESSION FOR: discussion or consultation for legal advice with the attorneys of the Inscription Canyon Ranch Sanitary District pursuant to A.R.S. Section 38-431.03.(A)(3) and discussion or consultation with the attorneys of the Inscription Canyon Ranch Sanitary District in order to consider its position and instruct its attorneys regarding the District's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation pursuant to A.R.S. Section 38-431.03.(A)(4) re:

- A. Missing and unaccounted for records and documents, property of the District, that have not been produced by the previous District Board members.
- B. Possible amendment to the Amended and Restated Development Agreement

During the Executive Session, the public will be asked to leave the Board meeting room until the public session is re-convened

Executive session began 9:10 a.m.

RECONVENE INTO PUBLIC SESSION 9:12 a.m.

5. REPORTS:

**Report from the District Manager Bob Busch
Plant Statistics/Repairs**

Mr. Busch reported that the average flows were as follows, based on effluent sales:

September 40,581 gallons per day

October 41,612 gallons per day

November 42,321 gallons per day

Mr. Busch stated that those numbers were approximately 5000 more gallons per day than at the beginning part of the year.

Mr. Busch stated that there have been some maintenance and repairs done in the past few weeks in the amount of \$1,800 for repairing a 20 hp motor at the plant. The District had to clear a plugged line on Simmons Corner. The cost to date is about \$2,300 not including a rooter service bill.. It appears that the line has been plugged for a long time. It was plugged with construction debris. There is only one home on that cul de sac street, built last spring. Mr. Hilb asked if this line was routinely flushed. Mr. Busch stated that it had "supposedly" been flushed before by the Developer, and shut off since there were no homes on that street. Mr. Busch stated that perhaps checking other cul de sacs where there are no homes might be prudent. He also stated that it would take a lot of water to fill those lines and that even still problems might not be identified. Mr. Busch would talk to the Plant Operator to see what solution they could come up with and report back to the

Board in the near future. Mr. Taylor stated that this occurred once at The Preserve in the past. As far as the odor, and the complaint by Mr. Taylor, Mr. Busch stated that the motor bearings in the odor control unit are noisy and the motor needs to be replaced. The bearings are sealed and can't be lubricated. Mr. Busch stated that this part has been ordered, but the manufacturer lost the order. He said the replacement motor should be delivered shortly. Mr. Busch stated that it was his opinion that with the addition of the new FEQ tank, a new, larger unit would eventually have to be purchased and may cost the District somewhere near \$10,000. Mr. Hilb asked that Mr. Busch begin working on a proposal for a new odor control unit and report back to the Board. Mr. Busch reported that the District was hauling two loads of sludge per week all summer long and that now that the hot months were gone, the hauling would decrease. Mr. Busch also reported that now that the District was licensed to perform sample testing, it was saving approximately \$132 per week (not including laboratory fees) for conducting its own specimen testing. He did however state that the ADHS was requiring that the District maintain a level of climate control. Mr. Busch stated that he had to purchase an air conditioning unit to meet those requirements. He said the District also had to purchase a special thermometer costing nearly \$500. Regarding the FEQ tank purchase, Mr. Busch reported that Talking Rock Ranch and Whispering Canyon paid their 50% share of the total cost of about \$44,000. In regards to the RFQ, it has been sent out and Mr. Busch is expecting the responses back by January 20, 2014. Mr. Busch reported to the board that he attended an online webinar covering Records Management. He reported that he was also going to attend another training regarding Email via webinar in January. Mr. Busch reported that the cassette tapes of minutes with no paper copies on file are being transferred into a CD format. He has obtained software and is making the conversion to CDs. He reported that some of the dates written on the tapes do not match the actual content of the tapes. Mr. Busch stated that he would report back during that process.

6. CONSENT AGENDA (Routine items that may be approved by one motion)

- Public Meeting Minutes of September 24, 2013
- Executive Session Minutes of September 24, 2013
- Public Meeting Minutes of October 14, 2013
- Executive Session Minutes of October 14, 2013
- Reimbursement to District Manager for total of \$541.12 for Board packet supplies (binders, paper, dividers, etc) for meetings from May through September, 2013 (\$65.71), and for heating & air conditioning unit for the WWTP testing area (Sears 7000 BTU) \$475.41.

Mr. Taylor stated that there were typographical errors in the September 24, 2013 Meeting Minutes the term REQ should be FEQ. Ms. Yribe also stated that the Executive Session Minutes should read that the time the Executive Session was adjourned was 2:30 p.m. and not 2:30 a.m.

Mr. Hilb made a motion to approve the consent agenda with those changes. Mr. Dickrell seconded the motion. The motion passed unanimously without discussion.

7. OLD BUSINESS

A. Missing and unaccounted for records and documents, property of the District, that have not been produced by the previous District Board members. *There is nothing to report at this time.*

B. Setting a time and place for future meetings of the District Board. *The next meeting time is tentatively set for Monday February 3, 2014 at 9:00 a.m. at the Prescott Realty office.*

8. NEW BUSINESS - DISCUSSION & POSSIBLE ACTION RE;

A. Approval of Financial Reports, September and October, 2013. *Bruce Eldredge was not present for this portion of the meeting. Mr. Hilb reminded Mr. Busch that he did state at the previous meeting that there would be explanations provided to the public regarding the financials. Mr. Busch stated that Mr. Eldredge had not yet completed that request. Mr. Hilb asked that Mr. Busch get that on the website as soon as possible.*

Mr. Hilb made a motion to approve the Financial Reports for September and October 2013. John Freeman seconded the motion and the motion passed unanimously. The following discussion then ensued:

- **Bob Busch** asked what exactly the board wanted posted on the website. He is now having the Budget Report posted. Mr. Hilb asked the members of the board if they saw the need to have the Income Statement and Balance Sheet.. Mr. Busch stated that the Budget Report and the Income Statement are very similar. Assets are shown on the Balance Sheet which is not currently posted.. Mr. Hilb stated that the assets did not change often enough to post it monthly. Mr. Dickrell stated that the assets don't fluctuate that much and agreed with posting it at least once a year. Mr. Hilb asked that Mr. Freeman take a look at the difference between a Budget and Balance sheet and come back with recommendation for any additional items to be posted on the website.

B. Awarding of a contract and authorization to execute the contract for the installation of a 25,000 gallon flow equalization tank for the wastewater treatment plant. Three contractors were solicited for bids. *Mr. Busch stated that three firms submitted bids for the project. Norrco, Mulcaire and Watkins. Watkins was much higher. The two other firms were close in their bids. The lowest bid was by Norrco with \$46,153. This excludes the aeration piping installation. A \$1,500 quote on the aeration piping from Santec is lower than either of the two lowest contractor line item bids. Mr. Hilb stated that those details had to be worked out before any contract was signed. Mr. Busch stated that Norco was okay with Santec doing the aeration piping and so was Norco. Mr. Busch stated that he was meeting with the winning bidder on Monday and would work out the details.*

Mr. Hilb made a motion to approve the contract from Norrco for installation of the tanks at \$46,153 and Santec for \$1500 for piping contingent on good logistics, and if that didn't work out feasibly, Norrco would do it for a total of \$48,653, and that he be authorized to sign the contract. John Freeman seconded the motion.

- Bill Dickrell voiced his concerns about the aeration piping. Having only having one person accountable for the entire project is usually preferable. Mr. Hilb again asked Mr. Busch to go over every detail with the Engineer before the contract was signed. Mr. Busch indicated that the contract includes a \$10,000 allowance, so even with the contract at \$46,153, the aeration piping could be done without increasing the amount of the contract. Norrco is anxious to begin, and plan to begin work Monday if the contract is awarded.

The motion passed unanimously.

C. Consideration to transfer funds from the Restricted Capital Fund to the General Fund for capital expenditures in connection with the FEQ tank addition at the wastewater treatment plant. *Mr. Hilb asked if \$30,000 was a safe maximum transfer. Mr. Busch stated that it was not. Mr. Busch stated that the total project would cost \$90,000 and would have to transfer \$45,000.*

Mr. Hilb made a motion to make a transfer from the Restricted Capital Fund to the General Fund after all the bills are in, and that the transfer not exceed \$50,000. Bill Dickrell seconded the motion and the motion passed unanimously without discussion.

D. Approval of Management Letter and Financial Report for fiscal 2102-13 prepared by Alyx Cohan, CPA, for submittal to Yavapai County. *Mr. Hilb asked if the District submitted this document to the County or if Ms. Cohan did. Mr. Busch stated that the District would be submitting it to the County. Mr. Hilb explained that this was the same form that's been submitted by Ms. Cohan for the past three years. Mr. Busch explained that the adjustments made by Ms. Cohan involved the booking of the infrastructure assets transferred to the District. They are booked at 50% of the Bill of Sale value because of the payback provision in the Development Agreement. The other adjustments involved the write-off of the defaulted Deeds of Trust for lot fees, and depreciation adjustments.*

Mr. Hilb made a motion to approve the Management Letter and that he be authorized to sign it, and approve submittal of the Financial Report to the County. Bill Dickrell seconded the motion and the motion passed unanimously.

E. Possible amendment to the Amended and Restated Development Agreement.
This item is deferred for a later time.

9. ADJOURNMENT

Therefore the meeting was adjourned at 10:00 a.m.

Date

Board Clerk