

**INSCRIPTION CANYON RANCH SANITARY DISTRICT**

**P.O. Box 215 Chino Valley, AZ 86323**

**Approved 5/1/12**

**PUBLIC SESSION**

**~MINUTES~**

**(reposted 12-21)**

**Date:** Friday December 16, 2011

**Time:** 9:00 a.m.

**Place:** Days Inn Conference Room 1, 688 Fletcher Court, Chino Valley, AZ 86323

**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.**

Bob Hilb, Chairman; Brian Ray, Board Member; Scott Robbins, Board Member; Bob Busch, District Manager; Isabel Yribe, District Clerk; Bill Whittington, Legal Counsel; and the following audience members according to the sign in sheet:

Bruce Eldredge	Charles O'Brien
Harvey Roberts	Paula Green
Gene Leasure	Hugh Pryor
Dick Tracey	Clint Poteet

**3. CONSENT AGENDA**

Mr. Whittington stated that he had made revisions to the minutes on the agenda but didn't think it fair to hand them to the board members for approval today without them having time to review them thoroughly. *Mr. Hilb agreed and deferred the consent agenda to the next meeting.*

**4. CALL TO THE PUBLIC**

- **Harvey Roberts** stated that a comment made by John Freeman at a previous meeting regarding late fees and penalties was incorrect. Mr. Roberts quoted the 2008 Ordinance for clarification. He also stated his concerns about the agenda item regarding the waiving of user fees. He thought it was unfair to those residents who paid their fees on time. *Mr. Hilb stated that there would be discussion on this subject later in the meeting.*
- **Charles O'Brien** asked why some contracts were given for review and some weren't. He suggested that contracts up for Board approval be made

public similar to the way the MOU way made available. *Mr. Hilb stated that those items would be discussed when they got to that point in the agenda.*

## **5. MANAGERS REPORT**

### **Treatment Plant -**

Mr. Busch gave his managers report to those present. Regarding operation of the wastewater treatment plant, there were no violations noted since the last report, and all of the required testing and monitoring for the plant was completed. Mr. Busch stated that average flows from the plant were 33,295 gallons per day in September, 35,137 gallons per day in October and 33,597 gallons per day in November. He said that the plant had unusual activity in late October, with flow averaging over 40,000 gallons per day for a 5 day period. Also unusual content in the water was noticed. Scott Robbins wondered if perhaps someone might be dumping illegally into a manhole. Mr. Hilb asked that Mr. Busch keep an eye on that and check the manholes to see if they were properly sealed. Mr. Busch stated that it was on the to-do list and that he would keep a close eye on that. It was also reported that AQuality Water made minor modifications to mixers in the denitrification tank and diffusers in the equalization tank were rebuilt. This has reduced the amount of methanol needed and allowed for reduced air flow which will reduce electricity cost. The cost of the modifications will pay off in a matter of months. The modifications cost less than a \$1000.00, for both parts and labor.

Mr. Busch also reported that he had met with representatives from Whispering Canyon, Talking Rock and AQuality Water and reported that the District will be reassuming operating and maintenance responsibilities for both the Whispering Canyons and Talking Rock subdivisions on January 1, 2012. Mr. Hilb asked if the Developers were in agreement, to which Mr. Busch responded "Yes".

### **User Fees -**

Mr. Busch reported that complaints about user fee billing had dropped down to nearly zero. Mr. Busch asked the Board to consider waiving the penalties and late fees for those who have paid the September and October billing. Mr. Hilb then stated that they would have to talk to legal counsel regarding that matter and tabled it for a future meeting. Scott Robbins mentioned that a few residents have talked to him regarding the sending of their payments to the water company rather than to the ICR Sanitary District.

- **Harvey Roberts** stated again that he didn't think it was fair to those people who paid their fees in good faith, by waiving anyone else's fees, whatever the reason. He felt that everyone should be held accountable.

### **Audit**

Mr. Busch reported that the \$1750.00 retainer paid to Constance Pinney has not been repaid. He needed to know how the Board wanted him to go about collecting that from Ms. Pinney's estate. Regarding the Audit Report status, Mr. Busch stated that Alyx Cohan, CPA agreed to honor the amount she quoted for the Report even after she realized that Constance Pinney was going to do a "review" and not an "audit". The two differ greatly and the audit takes considerably more time. She agreed to do the full audit for the amount she quoted. Mr. Bob Hilb asked if the reviews were within the legal requirements of the County. Counsel Whittington stated that the matter could not be discussed as it was

not on the agenda but could put it on the agenda for a future discussion. Scott Robbins asked if there were any deadlines. Mr. Busch stated that the deadline was December 31, 2011 and that Alyx Cohan could not complete the audit without confirmation letters still outstanding from law firms used by the District.

#### **Newsletter -**

Mr. Busch reported that he was hoping to put out a newsletter within the next couple of weeks. He also asked if anyone on the Board had any articles they might want to share, they should do so soon. Mr. Busch also stated that the newsletter would announce that property owners could sign up for email notification of future public meetings. . Mr. Hilb then stated that perhaps it would be prudent to check with legal Counsel to see if there was any liability to doing so.

#### **6. ACCOUNTANTS REPORT**

Mr. Bruce Eldredge gave a brief status report on the Districts finances. He went over the income and expenditures for October. He stated that follow up on delinquencies was difficult due to the lack of phone numbers. Mr. Robbins wanted to know how many of those difficult to reach customers were due to foreclosures. Mr. Busch checked his records and said that it was less than half a dozen.

- **Hugh Pryor** asked if the Financial Report was approved, would it then be posted on the website. *Mr. Hilb told him it would be if it was approved.*

**EXECUTIVE SESSION** Chairman Bob Hilb made a motion 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 has not been produced by the previous District Board members.
- B. Retainer of \$1750 issued to Constance Pinney (now deceased) for a Financial Report for fiscal year 2010.
- C. Employment contract with Robert Busch to provide management services to the District
- D. Employment contract with Isabel Yribe to provide secretarial and administrative services to the District
- E. Possible waiving of late fees and interest charges in connection with user fee billings of September and October 2011.
- F. Audit opinion letter requested by Alyx Cohan, CPA.
- G. Proposals from local engineering firms regarding a review and a report on constructed infrastructure in preparation of acceptance by the District.
- H. Insurance coverage claim for attorneys fees.

Brian Ray seconded the motion. There was no discussion and the motion passed unanimously.

Members of the audience were asked to leave and Executive Session commenced at 9:45 a.m.

**7. RECONVENE INTO PUBLIC SESSION** at approximately 11:35 a.m.

**Item 7A** - Missing and unaccounted for records and documents, property of the District, that has not been produced by the previous District Board members. *There is no action needed on this matter at this time.*

**Item 7B** - Retainer of \$1750 issued to Constance Pinney (now deceased) for a Financial Report for fiscal year 2010. *By way of consensus of all three Board Members, Mr. Hilb asked that Bob Busch file a claim to the estate of Ms. Pinney.*

**Item 7C** - Employment contract with Robert Busch to provide management services to the District. *Scott Robbins made a motion to approve the contract as modified to hire Bob Busch and that Bob Hilb is authorized to sign and execute said contract. Brian Ray seconded the motion. There was no discussion and the motion passed unanimously.*

**Item 7D** - Employment contract with Isabel Yribe to provide secretarial and administrative services to the District. *Scott Robbins made a motion to accept the employment contract as modified and authorize Bob Hilb to sign and execute said contract. Brian Ray seconded the motion. There was no discussion and the motion passed unanimously.*

**Item 7E** - Possible waiving of late fees and interest charges in connection with user fee billings of September and October 2011. *Mr. Hilb stated that the District could not legally waive any fees or late charges. He then made a motion to direct Bob Busch to get together with Bruce Eldredge and develop a process and procedure for Board approval for collection of fees and penalties. Brian Ray seconded the motion. There was no discussion and the motion passed unanimously.*

**Item 7F** - Audit opinion letter requested by Alyx Cohan, CPA. *By way of consensus of all three Board members Mr. Hilb directed Bob Busch to execute the letter to Alyx Cohan, CPA.*

**Item 7G** - Proposals from local engineering firms regarding a review and a report on constructed infrastructure in preparation of acceptance by the District. *By way of consensus and after a brief discussion on what was expected from each of the proposing firms, it was decided that perhaps a clearer proposal be asked of them. Counsel Whittington reminded them that a legal contract had to have certain items in it and perhaps he should take a look at it before anything was decided upon. Mr. Hilb agreed and made a motion that directed Bob Busch along with legal Counsel Whittington to work on producing an addendum that could be used for any standard contract. The consensus was superseded by the motion. Brian Ray seconded the motion. The following discussion ensued.*

- **Gene Leasure** asked that the two firms be identified. *Scott Robbins stated that one was Granite Basin Engineering and the other was Civil Tech.*

- **Harvey Roberts** thought he heard that there was going to be acceptance of the Infrastructure by the first of January. *Mr. Hilb stated that what he thinks Mr. Roberts heard was Mr. Busch saying that AQuality was going to take over maintenance at that time. Mr. Hilb stated that they would not be accepting the Infrastructure. That matter would come up in a future meeting.*

Note: *No vote was taken on the motion.*

**Item 7H** - Insurance coverage claim for attorneys fees. *There is no action needed on this matter at this time.*

## 8. NEW BUSINESS

**Item 8A** - District Financial Reports for August, September and October 2011. *Bob Hilb made a motion to accept the Financial Report. Brian Ray seconded the motion. There was no discussion. The motion passed unanimously.*

- **Bill Whittington** suggested to the Board members that perhaps in the future a packet should be handed out to members of the public at future meetings so that they could follow along while the reports are being read.

**Item 8B** - Adoption of fees relating to copying District records and documents. *Mr. Hilb stated that there wasn't enough information to take an action on this matter today. By way of consensus of all three Board members, Mr. Hilb directed Bob Busch to prepare a proposal for the collection of fees relating to copying District records and documents for possible future acceptance. He asked Mr. Busch to keep in mind the Ordinance already in place.*

**Item 8C** – Setting a time and place for future meetings of the District Board. *Mr. Hilb stated that the Board wasn't ready to take any action on this matter since a suitable location for a permanent meeting place hasn't been found. He stated that this matter would have to be deferred to a future meeting.*

- **Dick Tracey** stated that he was speaking on Mr. Charles O'Brien's behalf. Mr. O'Brien wanted to know if Mr. Hilb had any resolution to the issue he had previously discussed with Mr. Hilb. *Mr. Hilb stated that Mr. O'Brien had spoken to him about a concern and that he had not yet been able to discuss it with Counsel. Mr. Whittington asked if this had to do with the item at hand. Mr. Hilb stated that it did. .*
- **Gene Leasure** stated his concern about ADA accommodations being made before the next meeting. *Mr. Hilb stated that he received an email late last night regarding this issue. Mr. Whittington stated that although it was a valid question, he did not want the Board members getting involved in a matter that had legal ramifications without him having seeing the document himself. Also, this matter was not up for discussion as it was not on the agenda.*

- **Scott Robbins** stated that several residents have expressed concerns about the meeting place and wanted it at Talking Rock.
- **Dick Tracey** stated that he felt extremely threatened at the Talking Rock facility. *Mr. Hilb stopped Mr. Tracey from continuing because those issues were under dispute. Mr. Hilb also stated that a meeting place was still being vigorously sought.*

**9. ADJOURNMENT**

Thereafter the public session adjourned at approximately 12:00 p.m.

\_\_\_\_\_  
Date

\_\_\_\_\_  
Board Clerk