

# INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

## ~PUBLIC SESSION MINUTES~

September 24, 2013

**Date:** Monday September 24, 2013

**Time:** 1:00 p.m.

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

**Approved December 6, 2013**

### 1. CALL TO ORDER.

The Governing Board for the Inscription Canyon Ranch Sanitary District convened into public session at approximately 1:00 p.m.

### 2. ROLL CALL.

Present were Bob Hilb, Chairman; John Freeman, Board Member; Bill Whittington, District Counsel; Bob Busch, District Manager; Bruce Eldredge, Accountant, and the following audience members.

Dayne Taylor      Eileen McGowan      Harvey Roberts

Prior to starting the meeting, Mr. Hilb announced that Isabel Yribe would not be at this meeting and would produce the minutes from the recording. Mr. Hilb also stated that under Executive Session "4.B" in the agenda, Mr. Kotalik would not be calling in until he is his finished with a deposition.

### 3. CALL TO THE PUBLIC

- **Harvey Roberts** asked that the board look into the percentage of what was being paid by homeowners versus lot owners. *Mr. Hilb stated that this was not an agenda item. Mr. Hilb asked that Mr. Busch put this on a future agenda when he was ready to go over this information. .*
- **Dayne Taylor** stated that under Item 5 on the agenda regarding plant repairs there was a horrible noise coming from the plant that were definitely exceeding the setback allowances. Mr. Taylor also stated that regarding the financial reports, he would like an explanation to help describe each category. Regarding the Consent Agenda and the approval of the previous meeting minutes Mr. Taylor stated that there was a significant difference between the recording and the posted minutes. *Mr. Whittington asked Mr. Taylor what he meant by "discrepancies". He asked if there were errors or if something was left out. Mr. Taylor stated that there were things in the minutes that were different than on the recording. Mr. Hilb stated that this could be discussed under the "Consent Agenda" portion of the meeting. Regarding Item 8 on the agenda, Mr. Taylor stated that Mr. Busch gave him an explanation regarding the FEQ tank but he doesn't see where it has been approved. Mr. Taylor stated that the present board was negligent for spending over \$400,000 of tax payer money that doesn't appear to have a plan. Mr. Hilb*

*asked for Mr. Busch to look into the noise at the plant. Mr. Busch stated he would speak on that during his report. Mr. Hilb also stated that categorizing the financial reports would be discussed during that part of the meeting agenda.*

**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. Claims for reimbursement of attorney fees previously paid by the District.
- C. Possible amendment to the Amended and Restated Development Agreement
- D. Applicability of fees and charges within the district
- E. Disposition of old audio tapes of minutes with no hard copy on file.

John Freeman seconded the motion. The motion passed unanimously without discussion.

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

*Mr. Hilb asked that Mr. Busch stay for items D and E in order to provide background information.*

**Executive session began at approximately 1:20 p.m.**

**RECONVENE INTO PUBLIC SESSION at approximately 2:45 p.m.**

**5. REPORTS:**

**Report from the accountant Bruce Eldredge**

Bruce Eldredge of MDI Financial Services went through the District's financial reports for the months of July and August 2013. He went through each month and answered questions from board members. Mr. Eldredge is waiting to hear from Alyx Cohan regarding depreciation. Mr. Hilb asked if there was an amount in the unrestricted capital account. Mr. Eldredge stated that he hasn't received a statement on that account probably meaning that there was nothing in the account.

**Report from the District Manager Bob Busch**

**Plant Statistics/Repairs**

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

July 42,670 gallons per day.

August 47,779 gallons per day.

Mr. Busch stated that there have been some maintenance and repairs done to the generator in the amount of \$1,135. The district had to repair a blower motor at a cost of over \$500. Mr. Busch stated that today he found out that the blower motor to the odor control unit has a bad bearing and has to be replaced. He reported that the district is still continuing to haul two loads of sludge a week that to him, still seems high. He said that he spoke to the Operator but there is no solution to that as of yet. Mr. Busch reported that the ADHS inspected the plant yesterday in regards to setting up a district lab so that the district can conduct its own testing thus cutting down on courier services. Mr. Busch reported that Isabel Yribe isn't able to attend the meetings due to a full time job. He stated that she would still be able to produce the meetings without actually attending the meetings. Mr. Busch stated that he would see how that worked out. Mr. Busch reported that property transfers have increased to 4-6 transfers per month. Also, all but 7 of the bills for unpaid transfer fees have been collected with \$300 outstanding. Mr. Busch stated that there are 453 connections to the district and 26 new connections are in progress. Regarding the FEQ tank, Mr. Busch stated that he has received 4 quotes for this project. He recommended that the board purchase the tank through Santec Corporation, the low bidder. Mr. Hilb asked Mr. Busch to give some background on this subject. Mr. Busch gave a brief synopsis. Mr. Hilb asked Mr. Busch to elaborate why the tank was needed. Mr. Hilb then stated that it increased the capacity to 70,000 gallons per day and the lift stations are cycling too frequently now because of limited storage capacity.. Mr. Busch stated that he sent the latest draft of the RFQ to the board and if there were no objections he would go ahead and authorize the engineer to release that. (There were no objections). Mr. Busch stated that he was finishing up on a few articles for a newsletter. He reported that there is a webinar coming up November 21, 2013 10 a.m. to 11:30 a.m. hosted by the Arizona Department of Library and Archives covering electronic records and email. He recommended that the board members sign up as soon as possible as he felt it would be worth their time. There were no questions asked of Mr. Busch.

### **Report from the Chairman:**

Regarding a Call to the Public question at a previous meeting concerning the process the District used on setting fees. Mr. Hilb stated that he did some research and although he didn't cite the documents, he did state the documents were all from ADEQ. Mr. Hilb asked that Mr. Busch make this into an article for the newsletter.

*The original SBR plant was completed in 1997 without a completion certificate. The district was cited for operating the plant without a license. The District was given a certain amount of time they could operate without one. In September of 1998 in answer to the violation, a plan was put together regarding future expansion and current status of the plant. The plant was built to a capacity of 46,000 gallons per day and NOT 120,000 gallons per day as was being misstated. Mr. Hilb stated that this number was documented by the District and ADEQ. It was built to supply sewage capacity for units 1-3. It stated that future expansion would be provided to include units 4-5 with financing using user fees. Those fees were never collected. Mr. Hilb stated that there was never any expansion of that plant. Mr. Hilb stated that the district was again cited for having violations in 2002 for having several pieces of equipment that were inoperative. Mr. Hilb stated that the Santec plant was approved in 2002. The new developer, who bought it from Mr. McCrane built the plant. Mr. Hilb stated that the District, however, had to pay back the*

amounts through a percentage of revenue each year. Mr. Hilb stated that connection fees were being charged by the previous board as a "hook up fee".

According to Arizona statute, that should have been the cost of inspection and nothing else. The previous board was charging \$750 for something this board was charging \$225 for. Mr. Hilb stated that the current board thinks that \$225 is the true cost for this service. Mr. Hilb stated that because there was never any capacity fees collected for half the lots of The Preserve, all of the lots in Inscription Canyon and some in Talking Rock Ranch the board decided that one should be collected. Mr. Hilb reminded everyone that this was discussed during the fee hearing meeting at which time \$1000 was set as the capacity fee which was for future expansion and replacement. The original SBR plant was closed without an official closure plan. Mr. Hilb stated that it had yet to be done. Mr. Hilb stated that in the new the Development Agreement, the Developer agreed to collect \$3000 for all new lot sales that would cover any future capacity, in lieu of paying capacity fees at the time of building. These fees would stand until the next renewal in June. To review,

Mr. Hilb stated that an account activation fee or transfer fee would be \$35 for any new account or transfer of an account. \$1000 would be charged for capacity fee for any new construction for lots that haven't paid the \$3000. Mr. Hilb stated the capacity fee is for the expansion of the current plant and ultimate replacement of the current plant as needed. Capacity fees will go into unrestricted accounts which can be used for infrastructure. Replacement and expansion of the plant would come from the restricted account. Copy fee is .25 per page and \$7 for an audio recording. Interest is set by statute at 10% per annum, late payment is \$5 and a lien recording is \$35.

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

Regarding the concern raised by Dayne Taylor during the Call to the Public, Mr. Hilb stated that unless there were specifics in regard to errors in the meeting minutes, he was going to go ahead and make a motion to approve the Consent Agenda. Mr. Hilb stated that meeting minutes were not verbatim.

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

##### Minutes of prior meetings

Public Meeting Minutes of August 12, 2013

Executive Session Minutes of August 12, 2013

Mr. Hilb made a motion to approve the consent agenda. Mr. Freeman 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.** Mr. Hilb stated that there was nothing to report at this time.

**B. Claims for reimbursement of attorney fees previously paid by the District.** Mr. Hilb stated that there was nothing to report at this time.

**C. Setting a time and place for future meetings of the District Board.** Mr. Hilb stated that due to Isabel Yribe having a full time job, the District should consider

*having to hire a new clerk if the meeting minutes cannot be produced via recorder satisfactorily.*

- Bruce Eldredge stated that the Days Inn was raising their meeting room fees to \$112.19 from \$85.00. Mr. Hilb asked Mr. Busch to search for a lower priced venue in the interim.

The next board meeting was set for November 18, 2013 at 9:00 a.m..

## **8. NEW BUSINESS - DISCUSSION & POSSIBLE ACTION RE;**

**A. Setting the level of detail for the financial reports for the governing board and the public.** *Mr. Hilb asked Dayne Taylor to clarify what kind of clarification he was looking for. Mr. Taylor stated that perhaps a numerical identifier would work. Mr. Eldredge asked for clarification. Mr. Hilb stated that some sort of description each item with sub item detail might work. Mr. Freeman opined on breaking down the specific legal items so that the district could track the specific costs. Mr. Freeman used attorney fees as an example to ask for specific costs so that it was easier to track. Mr. Busch asked if the Budget Report as presented was ok to publish on the website. Mr. Hilb stated that it was. Mr. Hilb asked Mr. Eldredge to continue to work with Mr. Busch on refining the report.*

**B. Approval of the Financial Reports** *Mr. Hilb made a motion to approve the financial reports. Mr. Freeman seconded. The motion passed unanimously without discussion.*

**C. Applicability of fees and charges within the District.** *Mr. Hilb stated that there was no action being taken at this time.*

**D. Disposition of old audio tapes of minutes with no hard copy on file.** *Mr. Hilb stated that there was no action being taken at this time.*

### **E. Authorize the District Manager to accept the lowest bid on the FEQ tank.**

*Mr. Hilb made a motion to authorize Bob Busch to take the lowest bid on the FEQ tank. Mr. Dickrell seconded the motion. The following discussion ensued.*

- Mr. Freeman asked if there were any great differences between the bids. *Mr. Busch stated that there was none except for one bid that was either a mistake or way too high for consideration. Mr. Busch recommended that the District buy the FEQ tank from Santec. Mr. Whittington stated that the motion should include the name of the bidder and the price.*

Mr. Hilb withdrew his motion.

Mr. Hilb then made a motion to authorize Mr. Busch to buy the FEQ tank from Santec for the price of \$42,577.33. Mr. Busch stated that he would like the motion to include \$1500 for making pipe connections. There was a brief discussion regarding the price actually being the lowest bid. Mr. Hilb stated that a fair comparison would have to be made. He stated that Mr. Busch would have to see if the Plant's Operator could install the connections for less.

Mr. Hilb withdrew his motion.

Mr. Hilb then made a motion to authorize The District Manager to buy the 25,000 gallon FEQ tank from Santec for the quoted \$42,577.33. Mr. Dickrell seconded the motion. The only discussion was that Mr. Hilb asked Mr. Busch to research who could install the tank for the lowest price and bring it back to the next meeting. The motion passed unanimously.

Mr. Busch stated that since the developer would be paying half the amount, he would have to withdraw the \$42,577.33 from the Restricted Capital Account and then have Harvard reimburse the District. Mr. Eldredge stated that there were no checks for that account so a transfer would have to be made from the Restricted Account to the General Account. Mr. Freeman stated that perhaps Harvard could be billed for half the amount if the District put up the first half of the amount. Mr. Hilb asked that the transfer of funds from the Restricted Capital Account to the Operating Account be put on the next agenda.

Mr. Hilb recessed the meeting to return to Executive Session.

The Board Returned from Executive Session at approximately 4:50 pm. and reconvened the Public Meeting:

**Agenda Item 7b. Claims for reimbursement of attorney fees previously paid by the District.**

Mr. Hilb made a motion to proceed as recommended by legal counsel in the A.4. Mr. Dickrell seconded. The motion carried unanimously.

**F. Open Meeting Training.**

Mr. Whittington conducted a training session on the Arizona Open Meeting Laws. All Board members were in attendance, along with the District Manager and a member of the public, Dayne Taylor

Mr. Whittington passed out a binder including material covered in the session to each member of the board.

The topics of discussion in the session included:

- o Sanitary District Law, Powers & Duties
- o Executive Sessions- A.R.S. par 38-431.03
- o Open Meeting Law – Compliance Checklist
- o Sample Agenda (with Errors)
- o Sample Notice of Meeting
- o Sample Executive Session Minutes
- o Sample Regular Session Minutes
- o Agenda of the Yavapai County Board of Supervisors
- o Sample Board Packet of Sedona Fire District

**9. ADJOURNMENT**

**The meeting was adjourned at approximately 6:10 pm.**

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