

# INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

~PUBLIC SESSION MINUTES~

August 3, 2018

Approved August 14, 2018

**Date:** Friday, August 3, 2018

**Time:** 2:00 p.m.

**Place:** The meeting was held at the Inscription Canyon Real Estate 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 2:00 p.m.

## 2. ROLL CALL.

Present were: David Barreira, Board Chairman; Al Poskanzer, Board member; and Bill Dickrell, Board Member. Also present were Stephen Polk, legal counsel; Bob Busch, District Manager and Carol Morrissey, Clerk.

Members of the Public: Bob Hilb, Bob Summers, Jeanette Summers and Stan Salzman.

## 3. RESUMPTION OF THE PUBLIC MEETING HELD ON August 1, 2018

A. Discussion and possible action re: adoption of the District Budget for fiscal year 2018-2019.

*Mr. Barreira is resuming the Public Meeting that was held on August 1<sup>st</sup> for discussion of possible action regarding adoption of the District's Budget for the fiscal year 2018-19. Mr. Busch has given the Board Members the revised budget from our last meeting. The top item under Revenues is ad valorem taxes, which we won't be taking any action on. We acted on that on the 1<sup>st</sup> because we had a deadline to get to the County.*

### **Revised Budget Overview:**

**Total Revenue on the Revised Budget:** \$860,570

**Total Funds Available:** \$1,040,570

**Operating Expenses:** \$476,270

**Restricted Capital Account:** \$281,700

**Unrestricted Capital Expenditures:** \$102,600

**Carryover for Contingency:** \$180,000

**Total Expenditures:** \$1,040,570

*Mr. Barreira commented that had a lot of discussion on this at the last meeting. He entertained a motion to adopt this budget.*

**Mr. Dickrell moved to adopt the revised budget. and Mr. Barreira seconded the motion.**

*Mr. Dickrell stated the changes versus what we were looking at the other day is just the User Fees and Administrative. Mr. Busch said the total User Fees are \$267,900 on page 1 and there are changes on the Administrative on the 2<sup>nd</sup> page \$13,000 in there for billing and administrative cost. Those are the changes.*

*Mr. Poskanzer said he still has problems with the ad valorem taxes, even though they have already been sent to the county. Just to be on record, when people see a \$300 or so increase on*

*their property tax bill, it's going to be a furor over that. That is a significant raise in property taxes.*

***The vote for the Budget was: Mr. Barreira, Aye, Mr. Dickrell, Aye, Mr. Poskanzer, Nay. Motion Passed.***

#### **4. NEW BUSINESS – DISCUSSION & POSSIBLE ACTION RE:**

- A. Possible approval of Work Order #101 to Civiltec Engineering under their contract as District Engineer to assist as needed to prepare a Request for Proposal (RFP) for design of improvements and upgrades to the treatment plant to increase plant capacity.

***Mr. Barreira entertained a motion to approve the work order. Mr. Dickrell moved to approve the work order and Mr. Barreira seconded the motion.***

*Mr. Poskanzer asked if Civiltec is to bid on the RFP they are helping us to prepare? Mr. Busch said yes. Mr. Poskanzer asked if it would be a conflict of interest. Mr. Busch is preparing it but wants an engineer to look it over to make sure everything is included. Mr. Poskanzer thinks an independent firm should be asked to look it over, who isn't bidding on it.*

*Mr. Hilb said if you make changes and ask their opinion, and make changes based on that, that may be where you get yourself in trouble. I think you have to be very careful with getting their opinion and not influencing their having an advantage. Mr. Busch said everyone will be quoting on the same document. Mr. Poskanzer still thinks it will look like a conflict of interest.*

*Mr. Barreira asked our attorney for his opinion. Is our engineering firm on contact to act as district engineer, is it a conflict for them to review his work product from an engineering perspective before we publish? Mr. Polk agrees with Board Member Poskanzer that there is both the issue whether it is an actual conflict of interest and the appearance of a conflict of interest. I do know that engineers have their own set of fiduciary duties and rules. One of them is they have to look and abstain from conflicts of interest. So I would imagine if you would go forward with this, they would look and evaluate for themselves, do they have that conflict of interest. So there is some protection for the District, in terms of they're going to do that analysis and they would have to tell us if they find there is a conflict of interest. Mr. Barreira asked, under their license as an engineer, if they believe there's a potential for conflict of interest, don't they have to notify the parties in writing? Mr. Polk answered that he agrees that is one of their duties under their license in the state of Arizona. I think the District can ask for their opinion as to whether they believe it is a conflict of interest before you go forward with doing an RFP. Mr. Poskanzer said even if there are protections in place, members of the public can still question whether it is a conflict. And that's where the appearance of conflict comes into play. I recommend we find an independent firm that will not be bidding on this, not only to look at, but prepare the RFP for us. That would be my recommendation.*

*Mr. Hilb and the Board discussed ideas for proceeding forward with the RFP. Mr. Barreira asked Mr. Polk if anyone in his office has experience in reviewing RFP's, from the legal perspective. He doesn't know the answer right now, but he can find out. Mr. Poskanzer said there is a lot of controversy over this issue right now, but the actual physical capacity of the plant. We just can't take chances on doing anything that looks untoward. We have to find a solution to this.*

*Mr. Barreira suggested Mr. Busch write the RFP and our attorney's office look at it, for a legal perspective, before we post it. Mr. Polk said they can look it over and give you an opinion as to whether an engineer needs to review it or not. Mr. Dickrell said if any of the engineering firms have questions, they'll ask. We'll have a minimum of 3 engineering firms providing proposals on our RFP. Mr. Barreira suggested that for the RFP, it should call for a minimum of*

90,000 gallons a day, because that's what we know we need now. If we're going to get a proposal to expand the existing plant to 90,000 gallons a day, we need language in the RFP that calls for engineering and testing to validate that the plant capacity is actually 90,000, similar to a study we were talking about being done by Civiltec where they were going to check all hydraulics and everything to make sure what the actual ability of the plant is. Mr. Busch said it will be difficult to get a certification of the actual capacity. It should be in their design to demonstrate that capacity it will be 90,000.

Mr. Barreira said we have a motion on the floor to approve this work order, but I will withdraw my motion to approve this, and Mr. Dickrell withdraws his second.

Mr. Poskanzer made a motion that we put out a proposal such as this to an independent engineering firm that will not be bidding against the RFP. Mr. Barreira said it is not on the agenda, so it is in violation of the Open Meeting Law. Mr. Poskanzer withdrew his motion.

Mr. Barreira asked Mr. Busch to prepare the RFP, and then have our lawyer's review it. We will meet Tuesday, August 14<sup>th</sup> at 8:00 am at the Inscription Canyon Real Estate Office.

## 5. ADJOURNMENT

Therefore, the meeting was adjourned at 2:27 p.m.

---

Date

---

Board Clerk