

INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

~PUBLIC SESSION MINUTES~

January 18, 2018

Approved February 13, 2018

Date: Thursday January 18, 2018

Time: 8:30 a.m.

Place: The meeting was held in the Conference Room at 5360 W. Inscription Canyon Drive
Prescott AZ

1. CALL TO ORDER.

The Governing Board for the Inscription Canyon Ranch Sanitary District convened into public session at 8:30 a.m.

2. ROLL CALL.

Present were David Barreira, Board Chairman, Al Poskanzer, Board Member; Bill Dickrell, Board Member; Bill Whittington, Legal Counsel; Bob Busch, District Manager, and Isabel Yribe, Clerk. The following people were in the audience:

- Tyson Glock
- Jim Binnick
- Derek Scott

3. CALL TO THE PUBLIC

Nothing to report.

4. *Mr. Barreira made a motion to go into Executive Session for discussion and considerations, pursuant to A.R.S. Section 38-431.03. (A)(3) and; 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) re:*

- A. Workman's Compensation Insurance Coverage- Exclusion of Officers/Directors
- B. Possible financing and repayment options for WWTP replacement and expansion.
- C. Authorization for District Manager to initiate purchases and contracts in connection with Phase 1 of Improvements/Upgrades to WWTP.
- D. Possible Storage Building at the wastewater treatment plant and reconsideration of previous action.
- E. Service to Talking Rock, Section 11, Township 16N, Range 3W, known as Sterling Ranch at Talking Rock.

- F. Financial Review and MD&A letter approval.
 - G. Possible expansion of the Governing Board to five members.
- The motion was approved unanimously without a second.*

CONVENE into Executive Session at 8:35 a.m.

RECONVENE from Executive Session at approximately 10:14 a.m.

5. REPORTS

Report from District Manager

- **Status of Plant Operations and Bidding for phase 1 of WWTP Improvements** *Mr. Busch stated that he has received two bids for the generators. One bid was for approximately \$46,000 and one was for approximately \$49,000. He sent the information for the firm that bid the lowest to Sunrise Engineering for review. Mr. Busch also got a quote for the electrical aspect of the expansion in the amount of approximately \$60,000. Mr. Busch stated that for both the generator and electrical work, the approximate amount being \$112,000 was above the estimated cost of \$101,000 that Sunrise Engineering had provided. Mr. Busch stated that there were no HVAC estimates yet as Mr. Clint Poteet would gather those figures. Mr. Scott stated that he would be taking Mr. Poteet on a tour of the plant tomorrow.*
- **Plant treatment daily averages** *MR. Busch stated that the daily average flow for the month of December was 50,498 gallons per day. Mr. Busch stated that peak for December was 62,600 gallons per day which is at capacity. Mr. Barreira stated that “absentee” homes that have sold to full time residents, effecting daily flows. Mr. Poskanzer stated that those homes that are empty in the winter would be used in the summertime causing the daily average flows to rise past the plant’s capacity. Mr. Scott stated that the FEQ tank installation would buy the District a little more time as it could hold waste. Mr. Scott stated that Candy Carbon would replace the use of methanol completely. He also stated that he was using more than the required amount of Candy Carbon and was unsure why it was not working for him. Mr. Scott stated that he spoke to a scientist about the possibility of the bacteria being “food specific”. The scientist gave Mr. Scott a gallon of bacteria that was specific to the District’s chemistry. Mr. Scott stated that he would use the product and relay the results back to the board.*
- **Audit of connections to sanitary system** *Mr. Busch stated that he is conducting an audit of the connections to the sanitary system and although the audit is not yet complete, he is finding there to be approximately 20 discrepancies in District’s records. Mr. Busch stated that the District might be understated on about two dozen connections. Mr. Busch also stated that before the audit, the District showed there to be approximately 565 connections. Mr. Scott stated that he has read about 630 water meters this month. Mr. Busch stated that the 630 meters included some of the landscape water meters, most of which were at the Talking Rock Ranch location. Mr. Busch stated that that he would continue to work on the audit.*
- **WiFFA Loan update.** *Mr. Busch stated that he had submitted a loan application to WIFA (Water Infrastructure Finance Authority) some time ago, and subsequently withdrew the*

application. Mr. Busch also stated that the cost for the entire expansion project is approximately 2 million dollars. He stated that \$100,000 of that would come from Talking Rock Ranch as a part of the upgrade allowance. Another \$700,000 would come from the monies in the District's Restricted Capital account. Mr. Busch stated that the amount of the loan would be approximately \$1.2 million dollars and could he could modify the WIFA application. Mr. Dickrell stated that perhaps asking for a bit more than that would be best. Mr. Barreira stated that a contingency should be added because the numbers for the plant expansion have not yet been finalized. Mr. Barreira and Mr. Dickrell both suggested rounding up the loan amount up to \$1.5 million dollars would be best. Mr. Busch stated that the payoff requirement for a loan in that amount was approximately \$100,000 per year. Mr. Dickrell stated that adding \$200 to each property's bill would help in paying off the loan. Mr. Poskanzer asked if there was a penalty for early payoff on the loan. Mr. Busch stated that he would research that question.

- **Executive Minute Storage.** Mr. Busch reminded the Board that the executive session minutes should be stored in a confidential file at the treatment plant. Mr. Poskanzer stated that it was his duty as District Clerk to file them away and would do so once he had the hardcopies of those minutes.

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

Minutes of Public Meeting of November 17, 2017

Executive Session Minutes of November 17, 2017

Minutes of Public Meeting of December 7, 2017

Reimbursement to District Manager for 17.74.

(Walmart- copy Paper & supplies \$17.74)

Mr. Barreira made a motion to approve the consent agenda as posted. Mr. Poskanzer seconded the motion. The motion passed unanimously without discussion.

7. OLD BUSINESS - DISCUSSION & POSSIBLE ACTION RE:

A. Possible financing and repayment options for WWTP replacement and expansion.

Mr. Poskanzer made a motion to move as discussed in executive session as recommended by legal counsel, Whittington. Mr. Dickrell seconded the motion. The motion passed unanimously without further discussion.

B. Setting a time and place for future meetings of the District Board.

Mr. Poskanzer stated that having board meetings in the evening time might be easier for everyone to attend. Mr. Busch will leave the date and time for the next meeting "open" and call each of the board members to inquire about their availability and schedule the meeting then.

C. A Possible Storage Building at the wastewater treatment plant: reconsideration of previous action and approval for District Manager to purchase and construct storage building for the WWTP in the amount not to exceed \$3,600. District Manager will be reimbursed for the actual cost of building and materials. No action taken.

8. NEW BUSINESS - DISCUSSION & POSSIBLE ACTION RE:

- A. Approval of Financial Reports for, November and December 2017** *Mr. Poskanzer made a motion to approve the financial reports for November and December 2017. Mr. Dickrell seconded the motion. The motion passed unanimously without further discussion.*
- B. Workman's Compensation Insurance Coverage- Exclusion of Officers/Directors** *Mr. Busch stated that the insurance company required a signed form excluding coverage for the District's officers/directors. He was asked to have each of them sign a form acknowledging this exclusion. He also stated that the forms would have to be submitted by January 23, 2018. All three board members signed the forms and returned them to Mr. Busch for submittal to the insurance company.*
- C. Authorization for District Manager to initiate purchases and contracts in connection with Phase 1 of Improvements/Upgrades to WWTP.** *No action taken at this moment.*
- D. Approval of modified scope of Phase II of Improvements/Upgrades to WWTP.** *Tyson Glock of Sunrise Engineering went through the Value Engineering handout he presented to the board members in detail. Mr. Glock also stated that he met with Derek Scott, Plant Manager and they both eliminated things in the previous expansion plans, thus reducing the cost by \$760,000 (30%). Some equipment will be reused instead of being replaced. Mr. Binnick stated that there should be a reduction in operation costs because one less pump was being used. Mr. Glock stated that although that was true, there would be things that would be more labor intensive. He stated that the estimated cost of the plant was now approximately \$1,750,000. Mr. Busch commented that Mr. Glock and Mr. Scott should be commended for their effort in eliminating \$750,000 from the project. Mr. Barreira suggested that the odor scrubber be left in the plans. Mr. Scott will be doing a seven-day sample test at the cost of approximately \$5,000. Mr. Scott stated that because tests were already conducted in the Summer and Winter months, this test would be conducted the last week of March; Spring. The design work is scheduled to complete in mid-August. Mr. Scott stated that he would be using a witching rod to determine the location of the pipes, so they could be "potholed". He would "witch" the plant perimeter and then share his results with Mr. Glock of Sunrise Engineering. Mr. Binnick stated that because the District would no longer be using geotubes, one of the lift stations could be removed. Mr. Glock stated that he would have to meet with the plan designer regarding that matter. He stated that there are components of the expansion that had to be modified and that it would require a lot more effort to meet the needs of the plant.*

Mr. Glock explained a need for a design change order. He stated that the several changes in direction, changes in equipment, additional value engineering were not anticipated in the contract. He asked the Board to consider a change order for \$20,900 in additional design fees. Mr. Barreira moved to authorize the District Manager to sign the change order when submitted. The motion passed unanimously without discussion.

There was discussion about the separate permit required for the new generator. Sunrise Engineering is working with the County to obtain the permit.

E. Service to Talking Rock, Section 11, Township 16N, Range 3W, known as Sterling Ranch at Talking Rock. *By way of consensus, the Board instructed legal counsel to proceed as discussed in executive session.*

F. Financial Review and MD&A letter approval. *Mr. Busch stated that Alyx Cohen submitted her review to the District. Mr. Busch also stated that this was a routine review of the District's finances. He also stated that Ms. Cohen wanted the District to only transfer the exact amounts that the District used to pay bills with. Mr. Busch stated that those changes were reflected in this report by Ms. Cohen. He also stated that the draft letter to Ms. Cohen had to be signed and executed by either Mr. Busch or one of the board member's, as well as Mr. Bruce Eldredge, the District's accountant.*

Mr. Dickrell made a motion to authorize Mr. Busch to sign and execute the draft letter for Ms. Cohen. Mr. Poskanzer seconded the motion. The motion passed unanimously without further instruction.

G. Approval of repayment to Developers for calendar year 2017. Repayment amount is \$30,356.25. The repayment is divided 80% to Talking Rock, 20% to Old Capitol Investments. *Mr. Dickrell made a motion to approve the repayment to Developers for calendar year 2017 in the amount of \$30,356.25. (80% goes to Talking Rock and 20% goes to Old Capitol Investments.) Mr. Poskanzer seconded the motion. The motion passed unanimously without further discussion.*

H. Approval of District insurance policy and invoice for 2018. *Mr. Busch stated that the premium amount went up approximately \$600.*

Mr. Poskanzer made a motion to approve the District insurance policy and invoice for 2018. Mr. Dickrell seconded the motion. The motion passed unanimously without further discussion.

I. Possible expansion of the Governing Board to five members. *No action taken.*

9. ADJOURNMENT

Therefore, the meeting was adjourned at 12:10 p.m.

Date

Board Clerk