

INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

~PUBLIC SESSION MINUTES~

Approved September 11, 2104

June 16, 2014

Date: Monday June 16, 2014

Time: 9:00 a.m.

Place: Chino Valley Unified School District Board Room, 650 E. Center St. Chino Valley, Arizona 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.

Present were Bob Hilb, Chairman; Al Poskanzer, Board Member; Bill Dickrell, Board Member; Bill Whittington, District Counsel; Bob Busch, District Manager and Isabel Yribe, District Clerk and the following audience members.

Bruce Eldredge David Barreira Clint Poteet Derek Scott Hugh Pryor

3. MOTION to RECESS into Rate and Budget Hearing

Mr. Hilb made a motion to recess into the Rate and Budget Hearing. Mr. Dickrell seconded the motion. The motion passed unanimously without discussion.

Mr. Hilb stated that there were no changes to the rates or fees except for the changes proposed by Mr. Busch regarding the Activation and Transfer fee. Mr. Hilb stated there would be further discussion regarding that matter during the appropriate time in the Public Meeting which follows. There were no comments from the public.

Mr. Hilb closed the Rate Hearing.

Mr. Hilb opened the Budget Hearing. There were no questions, comments or discussion from the public and therefore Mr. Hilb closed the Budget Hearing.

RECONVENE INTO PUBLIC SESSION AT APPROXIMATELY 9:10 AM.

4. CALL to the PUBLIC

- **Clint Poteet** addressed the statements made in a previous meeting regarding the closure of Phases 12 and 13 at the Talking Rock Ranch subdivision. Mr. Poteet stated that those statements are untrue. Also, Mr. Poteet stated that he has signed an Assurance Agreement with Yavapai County and in no way, is his company öbankruptö.

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. Attorney fees previously paid by the District in the Developer Lawsuit and possible action for reimbursement.**
- C. Rates and Fees Definitions for 2014-15 fiscal year.**
- D. Amendment to the District Bylaws, Policies & Procedures, Article III, Section 6, FEES AND CHARGES**
- E. Three 3 year agreement with Cable One for cable telephone & internet services @ approx \$104.00 per month, & termination of services with Table Top Telephone.**

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 9:35 a.m.

5. REPORTS

Report from Bruce Eldredge

- **Review of Financial Reports for March and April, 2014** *Mr. Eldredge indicated that unless the Board had questions about the March financials, he would just report on April results. He went through the financial reports for the April. Mr. Eldredge clarified and answered questions from board members. Mr. Poskanzer did state that it was his opinion that the District was financially in “good shape”.*
- **Report on Fee Structure for the District** *Mr. Eldredge stated that he is preparing a chart to describe the Fee Structure to the Board. But because of some minor changes, he will have to postpone that at this time.*
- **List of vendors recommended for preapproval to issue warrants for payment of invoices** *Mr. Eldredge submitted the list of district vendors that, because their invoices are routing, he feels the invoices do not need District Manager review before being signed by a Board Member.*

Report from the District Manager

- **Status of Plant Operations** *Mr. Busch stated that the average daily flow for April 38,610 gallons per day and 40,835 gallons per day for May. Mr. Busch stated that the daily flows at the plant have been consistent for the last few months. He also stated that the District had spent \$800 for landscaping cleanup at the plant. Mr. Busch stated that there was a \$2500 double payment made to ADEQ for the permit renewal. ADEQ is in the process of sending it back to the District.*
- **Status of Sludge Handling Pilot Project** *Mr. Busch stated that the Sludge Pilot Project is progressing. He stated that the “bag in the dumpster” approach didn’t work as hoped and the Operator has switched to larger bags in the overflow basin. Mr. Busch stated that \$1900 per month was spent in sludge hauling fees for the first few months of the year and that the District is now spending significantly less. Mr. Busch stated that he is currently researching with ADEQ as to whether the applicable APP (2003 or 2010) covers the current handling of sludge. Mr. Busch stated that he received notice from the ADEQ compliance department regarding an “odor complaint”. ADEQ advised that they don’t regulate “odor” and they were just letting him know that a complaint was made. Mr. Busch stated that approximately six weeks ago he received and responded to a similar complaint via email. Mr. Hilb asked Mr. Busch if he had proceeded with upgrading the odor control unit that he was directed as approved in a previous meeting. Mr. Busch responded that he was directed to obtain pricing for an upgraded unit, and had done so. At the Operator’s suggestion, we instead installed carbon filters on each of the tanks at a significantly lower cost.*
- **Operating Costs/Repairs at Silent Moon Lift Station** *Mr. Busch stated that both motors at this lift station need repairs very soon. He stated that other repairs to return the electronics to their design state would probably cost approximately \$2500. Mr. Dickrell asked if there were any specific details on why there are problems at this lift station. Mr. Scott gave the Board a brief history of the problems encountered. Some of the problems appear to have been there for some time. It is not certain when or who may have caused these problems. He opined that there were several vendors throughout the years who may have taken short cuts to make temporarily repairs. Mr. Busch and Mr. Scott stated that John Patton would be consulted regarding all the rewiring needed to restore the station.*
- **Consulting** *Mr. Busch stated that he would be talking with a consultant to review the plant and make recommendations as to upgrades or improvements that could be made. Mr. Poskanzer asked what the District did to ensure the maintenance of its sewer lines. Mr. Scott, Plant Operator, stated that the lines were regularly flushed.*
- *Mr. Eldredge stated that the district newsletter went out recently and he received a significant amount of “undeliverable” newsletters. Mr. Eldredge stated that perhaps a yearly newsletter and researching undelivered mail would help to keep the database up to date.*

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

- Executive Session Minutes of April 10, 2014
- Public Meeting Minutes of April 10, 2014
- Reimbursement to District Manager for \$117.60 for:
Publication of Notice of Rate and Budget Hearing Notice in the Prescott Newspaper (\$117.60)

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

7. OLD BUSINESS - DISCUSSION & POSSIBLE ACTION RE;

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 was tentatively set for Monday August 18, 2014 at 9:00 a.m. Chino Valley Unified School District Board Room, 650 E. Center St. Chino Valley, Arizona 86323*

C. Attorney fees previously paid by the District in the Developer Lawsuit and possible action for reimbursement. *Mr. Hilb made a motion to approve and sign the Contingency Agreement with Burch and Cracchiolo with an initial amount, not to exceed \$15,000, for legal expenses in this matter. Mr. Dickrell seconded the motion. The motion passed unanimously without discussion.*

D. Approval to invoice Harvard Investments for electricity and repair costs at Silent Moon Lift Station from 3-1-2012 to date. *This item was deferred at this time.*

8. NEW BUSINESS – DISCUSSION & POSSIBLE ACTION RE;

A. Approval of Financial Reports- March and April, 2014. *Mr. Hilb made a motion to approve the financial reports for March and April, 2014. Mr. Dickrell seconded the motion. The motion passed unanimously without discussion.*

B. Approval of vendors whose invoices are preapproved for preparation of warrants *Mr. Hilb made a motion to approve the list of vendors previously recommended by Mr. Eldredge, whose invoices are preapproved for preparation of warrants. Mr. Poskanzer seconded the motion. The following discussion ensued:*

- **Bill Dickrell** stated that he wanted a monetary parameter for these invoices. After briefly conferring with Mr. Eldredge, by consensus, an amount not to exceed \$2000 was set for each invoice.

Mr. Hilb amended his motion to include that the amount of \$2000 not be exceeded for each invoice. Mr. Poskanzer seconded the motion and the motion passed unanimously.

C. Approval and Adoption of District Fees *Mr. Hilb made a motion that the fees as presented to the board be approved. Mr. Dickrell seconded the motion. The following discussion ensued:*

- **Bob Busch** *wanted clarification on the application of the Application/Transfer Fee. By consensus, it was agreed that once an owner has paid the \$35 Transfer Fee, that owner would not be charged a \$35.00 fee when he applies for a connection to the sanitary system.*

The motion passed unanimously.

D. Approval and Adoption of District Budget for fiscal 2014-5 and setting and certifying the tax levy amount for fiscal 2014-15. *There was a brief discussion, regarding sludge hauling, reserve for replacement and a reserve analysis. Mr. Busch was directed by consensus to recommend to the board, a method or analysis regarding the reserve for replacements. Mr. Eldredge also suggested that the board talk to Alyx Cohen regarding clarification on what was considered a capital expenditure. Mr. Hilb stated that it was his opinion that the amount of \$50,000 for reserve for replacements was a bit excessive, and that \$20,000 was more appropriate. Mr. Dickrell agreed.*

Mr. Hilb made a motion to approve the District Budget for fiscal 2014-2015 and to send it to Yavapai County as presented to the board with changes from \$50,000 to \$20,000 for Reserve for Replacement, the addition of the \$15,000 legal fees for the pending lawsuit versus Mr. Nelson and also certifying the amount the tax levy at \$272,270. Mr. Dickrell seconded the motion. The motion passed unanimously.

E. Approval of Revision #4 to the District Bylaws, Policies & Procedures, Article III, Section 6, FEES AND CHARGES and Attachment A. *Mr. Hilb made a motion to approve Revision#4 to the District Bylaws, Policies & Procedures, Article III, Section 6, FEES AND CHARGES and Attachment as presented. Mr. Dickrell seconded the motion. The motion passed unanimously without discussion.*

F. Approval to initiate capital improvements; solicit bids and obtain contracts for budgeted capital improvements: System Alarms; Odor Control, Landscaping, Motor upsizing & building addition. Estimated total capital expenditures- \$100,000, 50% to be paid by the District, 50% paid by developers. *Mr. Hilb made a motion to start the process to initiate capital improvements. Mr. Poskanzer seconded the motion. The motion passed unanimously without discussion.*

G. Approval of and authorization for District Manager to electronically sign and execute 3 year agreement with Cable One for cable local and long distance telephone & internet services @ approximately \$104.00 per month, & termination of services with Table Top Telephone. *Mr. Hilb made a motion to sign and execute the authorization as presented to the board with the addendum of required language as provided by legal counsel. Mr. Dickrell seconded the motion. The motion passed unanimously.*

H. Selection of Board Clerk in accordance with ICRSD Bylaws, Section II, Article 14. *Mr. Poskanzer made a motion to approve Mr. Dickrell as the Board Clerk in accordance with ICRSD Bylaws, Section II, Article 14. Mr. Hilb seconded the motion. The motion passed unanimously without discussion.*

I. Approval to authorize District Manager to transfer \$20,000 from the General Fund to the Unrestricted Capital fund for reserve for replacements as per approved 2013-14 District Budget. *This item was deferred at this time.*

9. ADJOURNMENT

Therefore the meeting was adjourned at 11:15 a.m.

Date

Board Clerk