

INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

**PUBLIC SESSION
~MINUTES~**

October 29, 2012

Revised November 4, 2012

Approved January 8, 2013

Date: Monday October 29, 2012

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.

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

Dayne Taylor	Eileen McGowan
Eileen McGowan	David Benner
Jimmy Stoner	Chris Stoner
Charles O'Brien	Susan O'Brien
Clint Poteet	

3. CALL TO THE PUBLIC

- **Eileen McGowan** had concerns regarding the September 21, 2012 Agenda authorizing Bob Busch to sign an amendment to the Granite Basin contract in the amount of \$5000. Ms. McGowan wanted to know when the original contract was approved. She also had concerns regarding the process of Granite Basin writing a proposal to the board and the Board submitting an RFQ. Also, Ms. McGowan wanted to know why the "fluff" items that were taken out were not listed. *Mr. Hilb stated that the RFQ was on the agenda so it would be talked about later in the meeting. Mr. Hilb also stated that the date that the contract was signed/accepted could not be discussed today as it is not an agenda item. Mr. Hilb then instructed Mr. Busch to find the date in question so that this item would not have to be put on a future agenda. (The date that contract was signed was on 2/24/2012).* Ms. McGowan also had questions regarding the Open Meeting Violation complaint filed with the Office of Attorney General and why there was a rush to destroy documents. Ms. McGowan also wanted this item to be put on a future agenda for public discussion. *Mr. Hilb stated that this item would be discussed later in the meeting as it was an agenda item.*

- **Dayne Taylor** stated that he wanted the following items on the agenda for the next meeting and that they be answered at that time. Mr. Taylor wanted to know who the accountant was that generated the July 2012 Reports and what his credentials were. Also, Mr. Taylor had concerns regarding the adoption of the ICRSD Bylaws, Rules and Policies when it was in direct contradiction to the Arizona Revised Statutes. Mr. Taylor also wanted to know how the Board would resolve this situation. Regarding the 2012-6 Acceptance of talking Rock Offsite, Onsite and Other Related Wastewater Facilities and approval of Bill of Sale (Restated Development Agreement). Mr. Taylor voiced his concerns about the failure of the Board to keep with its time commitments on this matter. Regarding Resolution 2012-7, Ratification of Expenditures and issuance of warrants during the period June 2011 through October 2012, Mr. Taylor wanted to know where the original Resolution the Board was looking to ratify, also he wanted to know where the public records of the legal action regarding this resolution, and what the statute stipulates regarding the public notice to Ratify. Regarding the approval to purchase of CORE Utilities Inc. software for tracking property owners, permitting, permit fees, hookup status, billing and other related District information. Mr. Taylor wanted to know why the District was spending public monies for the vendor to do his job and if industry standard had been required, why the District was catering to the vendor's limited ability. Mr. Taylor also stated that CORE software was provided to MDI in the past and he wanted to know where that software was. *Mr. Hilb stated that some of these items were on the agenda and some of them might be answered in the meeting. Mr. Hilb also stated that the Board would consider putting them on the next agenda if they didn't get answered today.*
- **Jimmy Stoner** voiced the following concerns. Mr. Stoner wanted to know the status of the Missing and unaccounted for records and documents, property of the District, that have not been produced by the previous District Board members. Mr. Stoner asked that since it was still on the agenda, was it to be assumed that the Board would continue to pursue the matter in deference to the negative response the Board received from the Arizona Attorney General regarding Executive Meeting Minutes. Also, Mr. Stoner asked about the Approval of Certificates of Records Destruction for accounts payable records, audio tapes of previous meetings, and budget related records for years 1999-2008 as provided for in Arizona Records retention regulations. (Also Missing and unaccounted for records and documents, property of the District, that have not been produced by the previous District Board Members and Complaint against the District Board Members for Open Meeting Law violation(s) filed with the Office of Attorney General as planned for discussion in Executive Session). Mr. Stoner asked that the Board rationalize why it felt it necessary to destroy accounting records at this time in light of potential litigation stemming from the current Attorney General investigation disclosed on this meeting's agenda. *Mr. Hilb stated that both these items were on the agenda and would be discussed in today's meeting.*

- 4. 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. Claims for reimbursement of attorney fees previously paid by the District.
 - C. Draft three-year contract for accounting and billing services between ICR Sanitary District and MDI Taxes, Inc.
 - D. ICRSD Bylaws, Rules, and Policies and a resolution for their adoption.
 - E. Resolution 2012-6, Acceptance of Talking Rock Offsite, Onsite and Other Related Wastewater Facilities and approval of Bill of Sale.
 - F. Resolution 2012-7, Ratification of Expenditures and issuance of warrants during the period June 2011 thru October 2012.
 - G. Resolution 2012-8, Authorization to approve expenditures and execute warrants for the District
 - H. Complaint against the District Board Members for Open Meeting Law violation(s) filed with the Office of Attorney General.

Scott Robbins seconded the motion and the motion passed unanimously without discussion.

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

Executive session began at approximately 9:15 a.m.

5. RECONVENE INTO PUBLIC SESSION at approximately 10:35 a.m.

6. REPORTS

Manager Report. Bob Busch reported on the following agenda items.

- Status of requests to review public records. *Mr. Busch stated that Mr. O'Brien has yet to finish reviewing the records he has requested. Mr. Busch also stated that Mr. O'Brien did not specify if he needed additional time for the same records or if he needed to review different records altogether. Mr. Busch would follow up with Mr. O'Brien so as to satisfy his request.*
- Report on District Operations: WWTP Flows and performance, flushing and odor control. *Mr. Busch stated that the Average Daily Flows for July were 45,188 gallons per day in July, 38,768gallons per day for August, and 37,244 gallons per day for September. Mr. Busch also stated that three streets were flushed in September in Inscription Canyon Ranch and that the plant is running "fine". He also stated that*

the backup generator is not running. The diesel engine is running well, but is not generating electricity. Mr. Busch indicated that a repair proposal is on agenda later in the meeting.

- *Sludge bagging system analysis: Mr. Busch stated that a bagging system at an estimated cost of \$50K would pay back in 5-10 years. At a higher cost, the payback would be much longer. Mr. Busch stated that Pat Carpenter does not recommend a bagging system until the Average Daily Flows reach between 50,000 and 60,000/gallons per day.*
- *Status of collection activity for unpaid user fees, late fees and interest: Mr. Busch stated that there is one property that still owes approximately \$7.00 in fees and that he wasn't inclined to put a lien on that property for that amount. He will continue effort to collect. Mr. Busch also stated that he spoke to the Realtor's for the property on El Capitan, and that the lien amount plus the fees associated with it, totaling approximately \$220.00 would be sent to the District at which point he would file a release on the lien.*
- *Report regarding the procedure for inspection for new hookup connections to the waste water treatment plant. Mr. Busch stated that he has implemented a process with the County, whereby a sewer connection permit won't be issued until the County receives an ICRSD service application signed by the District. C. Mr. Busch also stated that he feels there should be more involvement by the District in inspection or verification of the type of grinder pump installed. He stated that currently there isn't anyone checking the grinder pumps, except Talking Rock, through the design review process. Mr. Busch asked that that this item be put on a future agenda. Scott Robbins stated that customers don't know what kind of system they have and a few have wanted to know this information.*
- *Report of review of documents in District Files: Mr. Busch stated that he checked the files down at the Plant for paper copies of minutes of District meetings, and compared them with 3 other file sources. None of the file sources had a complete set of District Meeting Minutes. He has made copies necessary, and now the WWTP files have a paper copy of any meeting minutes known about and recorded on paper.*
- *Review of the budget process and how it relates to the financial reports: Mr. Busch indicated that the budget was prepared using the chart of accounts in place last year, and that the chart of accounts was confusing and did not fit current District operations. A new chart of accounts was developed and the budget was translated to the new chart of accounts. The budget total is the same.*

Report from Granite Basin Engineering. David Benner

- *Status of Investigation regarding pump sizing in Whispering Canyon (criterion for acceptance of Whispering Canyon infrastructure)
Mr. Benner indicated that he is awaiting a response from Whispering Canyon regarding pump sizing.*
- *Status of preparation of RFQ for wastewater treatment plant upgrades and modifications (as set forth in the Amended and Restated Development Agreement) While Mr. Benner began to give status updates, Mr. Hilb clarified that modifications should be made so that the District would have several options to look at and vendors could consider options to increase plant capacity to the 90,000 to 110,000 gallons*

per day range. Mr. Benner would return at a later date with an updated RFQ asking for detailed processes and/or solutions so that the District could make a more informed decision. Mr. Benner would also inform the Board Members if any new technologies would benefit the District.

Accountant Report Bruce Eldredge

- *Review of Financial Report for July, August, and September 2012. Mr. Bruce Eldredge went through the financial statements for the September with a brief explanation of the line items. Mr. Eldredge also stated that he was working with Alyx Cohan, CPA on the District's required audit.*

7. CONSENT AGENDA

(Routine items that may be approved by one motion)

Minutes of prior meetings

Public Meeting Minutes of August 16, 2012 (revised Aug. 22, 2012)

Public Meeting Minutes of September 7, 2012

Public Meeting Minutes of September 21, 2012

Executive Session Minutes of August 16, 2012

Executive Session Minutes of September 7, 2012

Executive Session Minutes of September 21, 2012

Reimbursement to District Manager for \$27.00 for:

Purchase of 2 drawer, lockable file cabinet for confidential files (\$15.00)

Keys made for ICRSD file cabinets (\$12.00)

Reimbursement to Director Scott Robbins for \$156.51 for:

Mileage to execute warrants and attend Governing Board Meetings from March 1, 2012 to September 30, 2012.

Bob Hilb made a motion to approve the consent agenda. Scott Robbins seconded the motion. The motion passed unanimously without discussion.

8. OLD BUSINESS

- A. Missing and unaccounted for records and documents, property of the District, that has not been produced by the previous District Board members.** *Bob Hilb made a motion that Counsel proceed as recommended in Executive Session. Scott Robbins seconded the motion. The motion passed unanimously without discussion.*
- B. Claims for reimbursement of attorney fees previously paid by the District.** *No action is needed at this time.*
- C. Approval of three-year contract for accounting and billing services between ICR Sanitary District and MDI Taxes, Inc.** *Mr. Hilb stated that discussions were held at numerous meetings and after both sides found the contract acceptable the District decided to move forward with this contract. Mr. Hilb also stated that the Board was satisfied with Mr. Eldredge's credentials. Bob Hilb made a motion to approve the contract between the District and MDI Financial Services, Inc. with the modifications recommended by Counsel. Scott Robbins seconded the motion. The motion passed unanimously without discussion.*

D. ICRSD Bylaws, Rules, and Policies and a resolution for their adoption. *Bob Hilb stated that there needed to be a replacement to the Ordinances as Counsel has indicated an Ordinance is not appropriate for a Sanitary District. Mr. Hilb also stated that this item was put out to the public for comment a few times to no avail. Bob Hilb made a motion to approve the ICRSD Bylaws, Rules and Policies with the modifications as recommended by Counsel. Scott Robbins seconded the motion and the following discussion ensued.*

- Bill Whittington asked Mr. Taylor if he would elaborate on his questions. *Mr. Taylor stated that he would not do so at this time but could call Mr. Whittington as they were very sensitive in his mind.*

Bob Hilb recalled his last motion and Scott Robbins recalled his second to the motion. Bob Hilb made a new motion to approve the adoption of the ICRSD Bylaws, Rules, and Policies with the modifications recommended by Counsel as a replacement to Ordinance 2008-1 and authorize Bob Busch to prepare a resolution for his (Bob Hilb's) signature. Scott Robbins seconded the motion and the following discussion ensued.

- Bob Hilb explained to the audience that there were three modifications recommended by Counsel: Incorporation of proposed resolution 2012-8, wording changes to duties of District Clerk, and third, wording changes related to records retention training.
- Bob Busch asked whether he had authorization to sign warrants. *Mr. Hilb stated that the authorization was as stated in the proposed resolution 2012-8 was included in the modifications recommended by Counsel.*

The motion passed unanimously.

E. Resolution 2012-6, Acceptance of Talking Rock Offsite, Onsite and Other Related Wastewater Facilities and approval of Bill of Sale. *Bob Hilb made a motion to approve the Resolution. Scott Robbins seconded the motion. Bob Hilb stated that the District had 90 days after the punch list was completed to approve the Bill of Sale. The motion passed unanimously.*

9. NEW BUSINESS

A. Approval of Financial Reports for July 2012, August 2012 and September 2012. *Bob Hilb made a motion to approve the Financial Reports. Scott Robbins seconded the motion. The motion passed unanimously without discussion.*

B. Resolution 2012-7, Ratification of Expenditures and issuance of warrants during the period June 2011 thru October 2012. *Bob Hilb gave some background on this item. He stated that in the past the Board Members and in certain cases the District Manager, were signing and approving checks without any specific language allowing that. Mr. Hilb stated that the language was now incorporated in the Bylaw, Rules and Policies. Mr. Whittington when asked to elaborate stated that it was outside the scope of the common practices. Bob Hilb read Resolution 2012-7 in its entirety. Bob Hilb made a motion to approve Resolution 2012-7 as previously read. Scott Robbins seconded the motion. The motion passed unanimously without discussion.*

C. Resolution 2012-8, Authorization to approve expenditures and execute warrants for the District (No action taken on this matter, as it is incorporated in the Bylaws, Rules and Policies adopted above.)

- D.** Approval of an RFQ for obtaining quotes for upgrades and improvements to the wastewater treatment plant. *This item has been postponed pending a report from David Brenner of Granite Basin Engineering.*
- E.** Approval of Certificates of Records Destruction for accounts payable records, audio tapes of previous meetings, and budget related records for years 1999-2008 as provided for in Arizona Records retention regulations. *Bob Busch stated that the District was required to file a Certificate of Record Destruction at least annually. It appeared to Mr. Busch that the District has never done that. Mr. Busch went through the files and found quite a few files that are no longer required to be retained. There are a number of boxes with accounts payable records that date back to 1999 that are not required to be kept past 3 years. Mr. Busch also stated that there are Budget related records that date back to 2002 that is no longer required to be retained. He also stated that there are audio tapes of meetings that date back to 2005 that are no longer required to be retained. Mr. Busch stated that they are required to be retained up to six months after meeting minutes have been approved. Bob Hilb made a motion to approve the Certificates of Records Destruction and that Bob Busch is authorized to sign. Scott Robbins seconded the motion. The Motion passed unanimously without discussion.*
- F.** Approval to purchase of CORE Utilities, Inc. software for tracking property owners, permitting, permit fees, hookup status, billing and other related District information. Cost of the software is \$1,750 plus setup fee of \$200, not including costs for MDI. *Bob Busch gave a brief background on the way the District currently tracks this information. He stated that the spreadsheets are cumbersome and difficult to maintain. Mr. Busch stated that the District needed some sort of data base to keep track of these items. He stated that the District could have someone make the software for them but would probably end up costing more than something that is currently out there. Mr. Busch stated that CORE software is fairly inexpensive as far as billing purposes go and can be used for the Districts needs. Mr. Busch recommends that the District purchase this software and make it available to MDI for use in the client base. Mr. Hilb asked if this was the only product researched. Mr. Busch stated that his experience with this product showed that it was less costly than the other billing software out there and was suited for what the District needed. Bruce Eldredge stated that this software was also what he used for other clients. Mr. Eldredge stated that although the District owned a previous version of the software the annual fees had not been paid. Mr. Eldredge stated that this price was given to the District because of he uses the software for other clients. He also stated that this was probably the lowest price the District would get this product for. Bob Hilb made a motion to authorize the purchase of Core Utilities, Inc. software not to exceed \$1950. Scott Robbins seconded the motion. The motion passed unanimously without discussion.*
- G.** Approval of repairs to backup generator at the wastewater treatment plant by AGM of Clarkdale for Cost of \$1,218.50 diagnostic service call and \$3,590.01 repair quote 155921 dated 10/19/12. *Bob Hilb made a motion to approve the repairs to the backup generator. Scott Robbins seconded the motion. Bob Busch wanted to clarify that the diesel portion is fine and the electrical portion is the problem. Mr. Busch stated that it would take two weeks to be repaired. Mr. Busch also stated that AGM gave him a*

quote for a standby in case of a power outage. Mr. Hilb asked what the cause of failure was. Mr. Busch stated that it was an old generator. Mr. Hilb asked how often it was tested to which Mr. Busch stated the diesel portion was checked every week. Mr. Robbins asked if they would upgrade the circuitry. Mr. Busch stated that it was beyond his level of expertise, but expected that the vendor would be using currently available parts. Mr. Hilb asked that Mr. Busch also research whether it was recommended that the electronics were checked on a monthly basis. The motion passed unanimously.

- I. Complaint against the District Board Members for Open Meeting Law violation(s) filed with the Office of Attorney General. *Bob Hilb made a motion for Counsel to respond as recommended in Executive Session. Scott Robbins seconded the motion. The motion passed without discussion.*

10. ADJOURNMENT

Therefore the meeting was adjourned at 11:55 a.m.

Date

Board Clerk