

**INSCRIPTION CANYON RANCH SANITARY DISTRICT**

**P.O. Box 215 Chino Valley, AZ 86323**

**~ PUBLIC SESSION MINUTES ~**

**May 1, 2019**

**Approved June 4, 2019**

**Date:** Wednesday, May 1, 2019

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

**Place:** The meeting was held at the Chino Valley Bible Church, 1578 N State Route 89, Chino Valley, AZ

**1. CALL TO ORDER.**

The Governing Board for the Inscription Canyon Ranch Sanitary District convened the Call to Order at 1:00 p.m.

**2. ROLL CALL.**

Present were: David Barreira, Board Chairman; Bob Summers, Board Member; Robert Busch, District Manager; Bill Whittington, Legal Counsel; Bob Hilb, Board Member (on the phone after the Executive Session), Bob Lynch, Legal Counsel (on the phone after Executive Session) and Jeannine Yeager, Clerk.

Members of the Public: Derrick Scott, Jeanette Summers, Bob Frisch, Linda Frisch, Eileen McGowan, Dean Humphrey, Ray Damesek, Chris Stoner, Jimmy Stoner, and Rick Shrouds.

Mr. Barreira called the meeting to order at 1:00 pm and the roll call of the Board Members was taken.

**3. CALL TO THE PUBLIC**

*Mr. Barreira asked if anyone from the Public wished to speak and no one spoke.*

**4. SPECIAL REPORTS AND POSSIBLE ACTION**

A. Status and Review of Civiltec Engineering plans for wastewater treatment plant expansion and application for Aquifer Protection Permit amendment and possible Board Action.

*Mr. Barreira introduced Mr. Rick Shrouds from Civiltec Engineering and Mr. Shrouds phoned Shem Hawes from Civiltec who joined the meeting on the phone. Mr. Hawes discussed the 60% design plans for the expansion of the plant which includes a new clarifier, new flow equalization pump, new aeration blower for handling the additional ammonia and effluent flows into the plant and a slab installation for sludge handling. Mr. Hawes asked if there were any comments or questions regarding the design so that they can go forward to the 90% design.*

*Mr. Derrick Scott asked if there would be a valve or a splitter cutoff valve where he could shut off one or both of the flows to the clarifiers, in case of an emergency. Mr. Hawes responded that they could add that to the design. Mr. Scott asked if they could put a simple ball valve or a knife valve to take care of that. Mr. Hawes said that they could do that and Mr. Barreira asked if the price has changed from the original quote and Mr. Hawes stated that the price has changed a little bit due to some additional piping that was needed with the 90% design. Mr. Barreira asked about the concrete slab that was suggested by ADEQ and also about how quickly Civiltec can complete to 90%. Mr. Hawes stated that they would like to have the 90% design done in about two weeks because they want to put it out for bid by June.*

*There was a discussion about ordering the new clarifier now, so that the District will not have to wait until the permit is obtained. Mr. Hawes recommended that they order the new clarifier now and Mr. Barreira asked Mr. Whittington if that would be okay and Mr. Whittington stated that would be appropriate. Mr. Busch asked about advertising and publication prior to bidding and Mr. Barreira asked Mr. Whittington if publication 30 days in advance was required and that was agreed upon.*

*Mr. Barreira made a motion to approve the 60% design and approve proceeding to 90% design and to issue a purchase order to purchase the new clarifier. Mr. Summers seconded the motion and Mr. Barreira asked if there were any more questions or comments. Mr. Busch asked why they were only authorizing proceeding to 90% design and not to 100%. Mr. Barreira withdrew his motion and then amended the motion to request that Civiltec upgrade to 100% design instead of 90% and also that the District order a new clarifier to match the one that they already have. Mr. Summers seconded the amended motion. Discussion ensued regarding the specifications on the clarifier. Mr. Busch asked if Civiltec had an idea of what the tank would cost and Mr. Hawes stated that it would be \$132,000 installed with the tank itself costing \$60,000 of that amount. Mr. Barreira asked if all were in favor of the motion and Mr. Summers stated aye and Mr. Barreira stated aye.*

*Mr. Shrouds discussed that ADEQ had come up with a figure of \$700,000 for the closure costs in the current permit and he didn't know where that came from but by his calculations, Civiltec came up with \$240,000 as the new estimate for plant closure. Mr. Barreira talked about how the Board was told by ADEQ regarding having the whole amount of the closure costs in the bank before getting a permit from ADEQ and the Board*

*discussed that and had received confirmation from their attorneys that they did not have to have the whole amount prior to the permits being issued.*

## **5. CONSENT AGENDA**

*Mr. Barreira made a motion to approve the Consent Agenda regarding the approval of the minutes from the Public Session and the Executive Session from April 4, 2019. Mr. Summers seconded the motion. There was no discussion and both Mr. Barreira and Mr. Summers stated aye to approving the Consent Agenda.*

## **6. POSSIBLE VOTE TO GO INTO EXECUTIVE SESSION**

*Mr. Barreira made a motion to go into Executive Session and he read the paragraph regarding discussions with the attorneys in Executive Session. Mr. Summers stated that he seconded the motion. Both Mr. Summers and Mr. Barreira stated aye. Then there was a discussion as to having Mr. Barreira read each of the items that would be discussed in the Executive Session so Mr. Barreira read each of the items to the Public.*

First part of the Public Session was adjourned at 1:25pm to go into Executive Session.

## **PUBLIC SESSION WAS RECONVENED AT 2:41 P.M.**

## **7. REPORTS**

*Mr. Busch asked if Mr. Hilb could hear him on the phone and Mr. Hilb responded that he could hear Mr. Busch. Mr. Busch stated that as of April 18<sup>th</sup> the District has 645 connections and that he was hoping to conduct an audit in the next month or so to make sure that everyone was in the database. Mr. Busch just got the flow data for April and the total for the month was 1,658,800 gallons for April which averages out to 55,294 gallons per day. Mr. Busch stated that he had instructed the operators to do extra sampling for coliform and also to send extra samples to the lab whenever they had a day over 60,000 gallons, but there were no days in April where there were flows over 60,000. The highest day had 59,800 gallons and there were 5 days over 56,000 so they will see what happens in May.*

*The work on Phase I improvements which includes the generator and air conditioning upgrades, the final stages of that are in progress, the generator is online and the final electrical panels installation have taken place. Mr. Busch stated that they were doing the final electrical hookups for the air conditioning within the next week or so. The final billing will be about \$185,000 for the Phase I project and that Talking Rock will reimburse 50% of that. Mr. Barreira asked how much was left in Talking Rock's account to cover those expenses and Mr. Busch stated that there was \$102,000 in that account. Mr. Busch stated that he had billed Talking Rock for reimbursement of engineering consulting for Sterling Ranch,, Phase 6 and Phase 13 for the amount of \$2,900. Mr. Busch stated that they have just completed repairs at the VFD tank and that he had just received the financial reports*

*for March and that the District was at 75% of the year with 83% of the budget already used. He felt that they would be over budget by about \$50,000 for the year.*

*Mr. Hilb stated that he had concerns about the Capital Improvements budget and he wanted to make sure that everything was handled correctly. A discussion ensued regarding the budget and expenses. Mr. Busch explained how money is removed from the restricted Capital fund to the General fund to pay the bills for capital items. Mr. Busch stated that the expenses are at 83% of budget and the consulting expense is at 97% of budget. Mr. Busch stated that he would be sending this information out to the Board later today.*

## **8. OLD BUSINESS**

- *Item A: Setting a date and time for future ICRSD Board Meeting-Mr. Barreira stated that the next meeting would be scheduled for Monday, May 6<sup>th</sup> and he asked Mr. Whittington to ask Mr. Polk if he could be there for that meeting. Mr. Whittington phoned Mr. Polk's office and left a message with his secretary.*
- *Item B: Claim by Talking Rock Land, LLC Mr. Barreira asked Mr. Whittington to comment on this item and Mr. Whittington stated that the item was under consideration by the attorneys for the Insurance Company and that there was no action necessary at this time for the Board to consider.*
- *Item C: Communications with insurance company regarding possible involvement in settlement efforts with Talking Rock Land, LLC. Mr. Whittington stated that this item also was under consideration by the Insurance Company attorneys and there was no action needed on this at this time.*
- *Item D: Discussion and possible approval to mail to District property owners, newsletters including responses to comments and emails from Talking Rock. Mr. Barreira stated that the Board discussed tabling this item until the future meeting on May 6<sup>th</sup>. Mr. Barreira made a motion to table the item until Monday and Mr. Summers seconded the motion. Mr. Hilb commented that the Board should not spend the money to send the letters out to the property owners until the newsletters were updated on the website. A discussion ensued between the Board members and Mr. Lynch regarding mailing letters to the property owners. Mr. Barreira stated that it would take a few days to get the mailing prepared anyway. Mr. Hilb stated that they needed to give Mr. Summers time to read the letter and that they didn't need to have another meeting on Monday if they could vote on it now.*
- *Item E: Possible action concerning Paragraph 16(f) of the Amended and Restated Development Agreement. Mr. Whittington recommended that the Board table this issue until the attorneys have had the time to research it further. Mr. Barreira made a motion to table the issue until the attorneys have finished their research and given legal counsel to the Board. Mr. Summers seconded the motion and all Board members stated aye.*
- *Item F: Response to request for records from Al Poskanzer. Mr. Barreira made a motion to instruct their legal counsel to continue to gather the information requested and that Mr. Busch will put the information together and send the information to Mr. Poskanzer as it becomes available. Mr. Summers seconded the motion and all Board members stated aye.*

- Item G: Develop/approve ethics rules for Board Members. *Mr. Summers stated that he is continuing to work on this item with Mr. Polk and that no action needed to be taken at this time. Mr. Barreira made a motion to table the item until Mr. Summers has completed his work on it. Mr. Hilb seconded the motion and all Board members stated aye.*
- Item H: Status and possible action concerning Appeal of Court Ruling of March 1, 2019. *Mr. Lynch stated that the Insurance Company tendered the defense and filed the appeal and that the court will send out a schedule. The attorneys feel that there will be a suspension of the appellate process as the process goes through mediation and possibly arbitration. If the process is successful then the appeal will not be necessary.*
- Return to Item D: *Mr. Barreira made a motion to approve the mailing of the four paragraph document to the property owners. Mr. Summers seconded. Mr. Hilb asked if they could fit that on a postcard to save mailing costs. Mr. Barreira stated that they could try to fit it onto a postcard. Mr. Summers asked Mr. Barreira to revised the motion to try to fit those four paragraphs onto a postcard and Mr. Barreira revised his motion to try to fit the paragraphs on a postcard, if possible, otherwise it will be in letter form. Mr. Summers seconded the revised motion and all Board members stated aye.*

## 9. NEW BUSINESS

- Item A: Review of proposed 2019-20 Rates and Fees, proposed operating and capital budget and approval to publish and setting date for Rate and Budget Hearings. *Mr. Hilb stated that he had not received the latest copy of the proposed budget and he only had the summary. Mr. Busch stated that it had gone out to the Board in an Excel file. Mr. Hilb stated that he had only received the original and not the second mailing with the changes on it. Mr. Busch stated that there should be three sections: the capital budget, the revenue/expense budget and the summary. Discussion ensued regarding the budget information and that the members could not open all of the information on their phones or Ipads but only on their computers. Mr. Busch explained that the only changes were in the legal fees which showed the \$50,000 possible repayment to Talking Rock per the court award and an increase in the legal fees from \$100,000 to \$150,000. There was also a space available to plug in the users fees with the intent to be able to discuss it during a budget hearing. Mr. Hilb discussed the packet and his concern about taxes. Mr. Barreira stated that the Insurance Company would only cover their attorneys' fees but not the fees for the District's attorneys. Mr. Lynch talked about the insurance coverage for litigation fees. Mr. Barreira explained that this was a "proposed" budget only and that they have to have higher estimates because once the budget is approved, they cannot increase it, they can only reduce it.*

*Mr. Hilb asked if this was the total budget or just the tax rate and Mr. Barreira stated that this was the "total budget". A discussion ensued regarding the tax rate and user fees and Mr. Barreira stated that he felt that Mr. Hilb wanted the Board to put a higher user fees amount in there and Mr. Hilb agreed. Mr. Busch stated that if they want to put some numbers in there now, they can do that. But if they want to implement the fees later, they will have to have another hearing because no user fees are shown on the Fee Schedule. Mr.*

*Barreira stated that they can put the figures in that they have already agreed to last year which was \$35.00/month for residential, \$100.00/month for commercial with one fixture and \$150/month for commercial with more than one fixture. Mr. Busch stated that this would raise \$22,000 per month and after three months they would have \$66,000 which would save the District the taxes. Mr. Summers asked if they start users fees, can they stop them later and Mr. Barreira stated that they could do that. They discussed changing the Ad Valorem tax number and make the total \$500,000 for the year instead of \$564,170.*

*Mr. Busch stated that the hearing would be sometime in June because they have to submit the budget to the County by July 3<sup>rd</sup>. Mr. Summers stated that they should have the hearing somewhere around the week of June 17<sup>th</sup> or June 24<sup>th</sup>. Mr. Barreira stated that they should have the meeting on Tuesday, June 18<sup>th</sup> and there would be no meeting next Monday, May 6<sup>th</sup>. Mr. Barreira stated that he would make a motion to publish the budget summary as modified and the scheduled hearing date and the rate schedule. Mr. Summers seconded the motion and all Board members stated aye.*

- *Item B: Possible Board Action regarding ADEQ requirement for funding of treatment plant decommissioning. Mr. Summers made a motion to authorize Mr. Lynch to discuss with ADEQ the requirements for funding the decommissioning of the plant. Mr. Barreira seconded the motion and all members stated aye.*

Meeting was adjourned at 3:50 p.m.

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Board Clerk

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Date