

INSCRIPTION CANYON RANCH SANITARY DISTRICT

P.O. Box 215 Chino Valley, AZ 86323

~PUBLIC SESSION MINUTES~

April 10, 2014

**Revised 4-16-2014
Approved 6-16-2014**

Date: Thursday April 10, 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; John Freeman, Board Member; Bill Dickrell, Board Member; Bill Whittington, District Counsel; Bob Busch, District Manager and Isabel Yribe, District Clerk and the following audience members.

Dayne Taylor
Al Poskanzer

Bruce Eldredge Pat Carpenter
Charles Muchmore (during executive session)

3. CALL TO THE PUBLIC

Dayne Taylor stated his concerns regarding the District website. Mr. Taylor also stated cited #6120 of the proposed budget line item and how it had “no entry over time”. Mr. Taylor also added that the website did not include minutes for 2006 or 2011. Mr. Taylor went on to state that ordinances are selectively posted on the district website. Also, he stated that motion and action items are mentioned on the website but do not give a specific period of time. Mr. Taylor stated that unapproved meeting minutes had been posted on the district website. He also stated that newsletters were selectively left off the website. He stated that account descriptions is all that is posted for 2013 financial reports. Regarding acceptance of the lift station, which is an agenda item, Phase 12 and 13 were removed from construction by the Yavapai County Board of Supervisors and the planning department, so he questioned why it would be considered for acceptance. Mr. Taylor stated that County approval is needed before any construction is done in phases 12 & 13. Mr. Taylor stated that should the Board accept this structure,, he would like verification of approved drawings and documents reporting the testing of equipment. Regarding the Annual reports (Arizona Title 48.251), Mr. Taylor wants to know why the district calls it something else on the website. *Mr. Hilb stated Mr. Taylor’s concerns regarding the district website would be discussed during the manger’s and account’s reports and that Phase 12 would be covered in the Amended and Restated Development Agreement discussion.*

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. Possible amendment to the Amended and Restated Development Agreement and proposed Resolution 2014-1 adopting the amendment.**
- C. Attorney fees previously paid by the District in the Developer Lawsuit and possible action for reimbursement.**
- D. Possible Expansion of the Governing Board from three to five members.**
- E. Consideration of an Alternate Funding Plan for District Operations, to include ad valorem taxes and user fees**
- F. Rates and Fees Definitions for 2014-15 fiscal year.**
- G. Letter of Engagement for Alyx Cohan, CPA, to prepare Financial Review for fiscal year ending June 30, 2014.**

John Freeman seconded the motion. The motion passed unanimously without discussion.

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 10:50 a.m.

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

- Minutes of prior meetings
 - Public Meeting Minutes of February 3, 2014
 - Executive Session Minutes of February 3, 2014
- Reimbursement to District Manager for total of \$19.80 for: shredding 2011 election ballots- to Sir Speedy (\$19.80)

Bob Hilb made a motion to approve the consent agenda. John Freeman seconded the motion. The motion passed unanimously with no discussion.

5. 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 no action on this item at this time.***
- B. Setting a time and place for future meetings of the District Board. *The next board meeting was set for Monday June 16, 2014 at 9:00 a.m. at the Chino Valley***

Unified School District Board room at 650 E. Center St. Chino Valley, Arizona 86323. This will be include the Budget and Rate Hearings.

C. Attorney fees previously paid by the District in the Developer Lawsuit and possible action for reimbursement. *Bob Hilb made a motion that Mr. Whittington proceed as instructed in Executive Session. Bill Dickrell seconded the motion. The motion passed unanimously with no discussion.*

D. Possible Expansion of the Governing Board from three to five members. *There is no action on this item at this time.*

E. Possible newsletter *Mr. Hilb stated that he made comments that greatly reduced the length of the proposed newsletter provided by Mr. Busch. Mr. Hilb stated that comments or changes should be directed towards the District Manager Bob Busch as it falls under his purview. Mr. Hilb stated that Mr. Busch could then send out the newsletter once any final changes had been made. Mr. Hilb stated that perhaps in the newsletter there could be links to more information on the website instead of having to type in a web address.*

F. Possible approval of Resolution 2014-1, First Amendment to the Amended and Restated Development Agreement. The proposed amendment would transfer the lift station and Talking Rock Phase 12 to the District and provide for charging capacity fees to certain lots in Talking Rock that defaulted on Lot Fee Deeds of Trust. *Mr. Hilb stated that there were some comments made by Mr. Bob Lynch regarding this matter and has submitted his suggestions via email to Mr. Hilb. Mr. Hilb asked that Mr. Busch look into whether Talking Rock Ranch had any changes to Phase 12.*

Mr. Hilb made a motion to approve Resolution 2014-1, First Amendment to the Amended and Restated Development Agreement with the changes recommended by Bob Lynch in his email and as long as the Developers agree to the changes verbatim that the board be authorized to sign the Amendment. Bill Dickrell seconded the motion and the following discussion ensued:

- Bob Busch proposed that changes be made to the first paragraph in the Resolution with the correct address being Chino Valley Unified School District Office Board Room at 650 E. Center St. Chino Valley, Arizona 86323.
- Dayne Taylor asked for clarification on whom Bob Lynch was. *Mr. Hilb responded that he was the original attorney that the district had used when the Agreement was made.*
- Bob Busch proposed that changes be made to the second paragraph with the correct date specify that the language read “which is dated” instead of “accepted on March 1, 2014”.

Bob Hilb amended his motion to include Mr. Busch’s changes to the language as describe along with the changes recommended by Bob Lynch in his email and that the board be authorized to sign the Amendment. Bill Dickrell amended his second. The motion to accept the Resolution passed unanimously with no further discussion. The motion to accept the Resolution as amended passed unanimously. The following discussion ensued:

- Mr. Busch asked whether specific names had to be included in the signature pages of the Resolution and Amendment as Mr. Freeman was resigning today. After a brief discussion regarding how to handle this situation;

Mr. Hilb made a motion to accept the Resolution and Agreement with John Freeman's name removed and the potential replacement for Mr. Freeman be added when he was appointed John Freeman seconded the motion. The motion passed unanimously with no further discussion.

G. Consideration of an Alternate Funding Plan for District Operations, to include ad valorem taxes AND user fees. *After some discussion it was decided by consensus to table this item for another year as it seemed there was no way to change the tax and fee structure to even out the cost in a fairer manner than what the district already does.*

6. REPORTS:

Report from Bruce Eldredge

Mr. Eldredge went through his financial data line item by line item allowing board members to ask questions if they had any. There was concern about a \$25.00 discrepancy in account 6120, Connection Fees, since the fee is \$1,000, the amount should be multiples of 1,000. Mr. Eldredge stated he would research and report back to Mr. Busch. Also, Mr. Eldredge stated that he is still working with Mr. Busch on the official terminology that would go onto the proposed budget so that there would be as little confusion as possible during the Rate and Budget Hearing.

Report from the District Manager Bob Busch

- **Status of Plant Operations** *Mr. Busch stated that the plant's average daily flows for January were approximately 41,500 gpd, 38,000 gpd for February and 39,300 gpd for March. Mr. Busch stated that there are approximately 474 connections to the plant, to date.*
- **Permitting Requirements** *Mr. Busch stated that the district does not have to apply for an APP permit by 2015 because the District will not complete construction of the MBR plant permitted in 2010. He received an email response from ADEQ in confirmation.*
- **Status of billing for developer portion of FEQ tank addition** *Mr. Busch stated that the total estimated price for the addition of the Flow Equalization Tank would be about \$90,898.71. (Purchase price \$42,577.33, Installation \$41,710.80, Extras \$1,98.58, Engineering \$4,625.00. The Engineering cost is not final yet.*
- **Status of pilot sludge disposal project** *Mr. Pat Carpenter gave a brief description of what the sludge disposal project consisted of. Basically, sludge would be pumped into a large bag then a polymer would be injected into that bag. The bag would then be laid out to dry where the leaking water would drain into a sump and ultimately pumped back into the plant for processing. Mr. Hilb asked how the district would know if this trial had been a success.*

Mr. Carpenter stated that the polymer mix would have to be adjusted to speed up the process. Mr. Carpenter also stated that each bag cost approximately \$1200 and the polymer mix would be another couple hundred dollars, thus saving the district a significant amount of money. Mr. Hilb asked if the district was currently hauling sludge. Mr. Carpenter stated that it hasn't hauled any in the past three weeks but it was now needed while the test was evaluated.

- **Dayne Taylor's concerns regarding the district website.** *Mr. Busch stated that there were some glitches due to problems the web host was having but all have since been resolved. Mr. Busch stated that if Mr. Taylor still had any concerns he could contact Mr. Busch directly and Mr. Busch would resolve them accordingly.*

7. NEW BUSINESS – DISCUSSION & POSSIBLE ACTION RE;

A. Approval of Financial Reports, January & February 2014. *Mr. Hilb made a motion to approve the Financial Reports for January and February 2014 with the caveat that Mr. Bruce Eldredge corrects the discrepancy for \$25.00 that was mentioned in his report. Mr. Freeman seconded the motion. The motion passed unanimously without discussion.*

B. Approval to publish proposed annual budget and proposed rates and fees for 2014-15 in advance of budget and rate hearing(s). *Mr. Busch stated that the documents he passed out for review to the board were in two separate formats, one being the format had the all revenues together and expenses together, the other had all operating and non-operating revenue and expenses together. Mr. Busch stated that the numbers were the same, just organized differently. Mr. Hilb suggested that the board go through the proposed budget to be published. Mr. Hilb stated that all zero entries should be filled in or removed so as not to cause any confusion during the rate hearing or budget hearing. Mr. Busch stated that Mr. Carpenter suggested the board keep the same Sludge budget as the district had the previous year. There was a brief discussion regarding total budget amounts and the amounts of the proposed contingency amounts. Mr. Busch stated that the amount to be published would be \$405,000 that includes \$50,000 of contingency. Mr. Hilb asked that Mr. Dickrell work with Mr. Busch on the needs for cash flow until taxes were received, the amount of carryover that would exist, and the amount and timing of a capital fund contribution before the proposed budget is published.*

Mr. Hilb made a motion that the district publish the proposed budget as presented in the package provided by Mr. Busch with corrections and changes discussed. Mr. Freeman seconded the motion. The motion passed with no discussion.

C. Approval of Rates and Fees Definitions for 2014-15 fiscal year. *Mr Hilb made a motion to publish the Schedule of Rates and Fees as presented, with the provision that Mr. Busch review with Mr. Whittington, whether the Transfer Fee can be applied to all property transfers in the District. **Bill Dickrell seconded. Motion passed unanimously.***

- D. Approval to invoice Harvard Investments for electricity and repair costs from 3-1-2012 to date.** *There is no action on this item at this time.*
- E. Approval to engage Alyx Cohan, CPA to prepare Financial Review for fiscal year ending June 30, 2014, and approval to sign engagement letter dated March 27, 2014. Cost to be approximately \$3,500.** *Mr. Hilb made a motion to approve the engagement of Alyx Cohan, CPA to prepare Financial Review for fiscal year ending June 30, 2014 and also for the approval that Mr. Hilb be authorized to sign the engagement letter dated March 27, 2014. Mr. Dickrell seconded the motion. The motion passed unanimously without discussion.*
- F. Acceptance of the resignation of John Freeman and the Appointment of a Director to fill his unexpired term (Application Attached for completion and submittal prior to the meeting)** *Mr. Hilb made a motion that the resignation of Mr. Freeman and the Appointment of Al Poskanzer as board director. Mr. Dickrell seconded the motion. The motion passed unanimously without discussion.*

Mr. Poskanzer introduced himself briefly to the board.

8. ADJOURNMENT

Therefore the meeting was adjourned at 12:45 p.m.

Date

Board Clerk