

**PINE-STRAWBERRY WATER IMPROVEMENT DISTRICT**

**Regular Meeting**

**Thursday June 23, 2022, at 4:00 p.m.**

**PSWID Administrative Office**

**6306 W Hardscrabble Rd.**

**Pine, AZ 85544**

**1. CALL TO ORDER**

Raymond Headings called the meeting to order at 4:10 p.m.

**2. PLEDGE OF ALLEGIANCE**

Conducted by Raymond Headings

**3. PRAYER**

Offered by Larry Bagshaw

**4. ROLL CALL OF BOARD MEMBERS**

Conducted by Raymond Headings: Board members present: Raymond Headings, Tom Reski, Cory Ellsworth, George Gorkowski, Roger Childers, and Larry Bagshaw. A quorum was present. David Dickinson, the General Manager, and Sharon Hillman, the Finance Manager, and Paul Hendricks, EUSI were also present.

**5. CALL FOR MOTION TO APPROVE MINUTES OF THE FOLLOWING MEETING(S):**

May 26, 2022 – Regular Meeting George Gorkowski moved the minutes be approved. Roger Childers seconded the motion. The motion carried unanimously.

**6. ACCEPT THE RESIGNATION OF TAMMY ALBRIGHT AND FILL THE BOARD VACANCY AND APPOINT A NEW VICE CHAIRPERSON.**

Tammy Albright sent a resignation request to Raymond Headings. Tom Reski nominated Sharon Hillman to the open board position as she had submitted a statement of interest. Cory Ellsworth seconded the nomination. The nomination was approved unanimously. Sharon then took the oath of office. Tom Reski was named the Vice Chairperson by Raymond Headings.

**7. REPORTS TO THE BOARD**

- a. WIFA/EUSI Program Manager's Report and General Manager's Report – As posted to the website.
- b. Finance Manager's Report – As posted to the website.
- c. Treasurer's report – As posted to the website.
- d. Secretary's report – None
- e. District Attorney's Report –None
- f. Chairman's report – As posted to the website

**1. CALL TO THE PUBLIC**

- a. Caroline Leonard asked about the well being drilled on the property where the Dude Ranch will be located. Ray Pugel is drilling the well and PSWID is monitoring it 3-4 times a day to make sure it is not impacting the Milk Ranch Wells. If it is, it will be shut down.
- b. Steve Sutton and Albert Hunt had questions about the interconnect to Ponderosa Water. That is item 9V and will be addressed as soon as we start doing the old business.

**9. OLD BUSINESS**

**I. DISCUSS, HAVE A PUBLIC HEARING, AND TAKE POSSIBLE ACTION FOR FISCAL YEAR 2022/23 WATER RATES**

Motion to open public hearing. Larry Bagshaw moved the public hearing be opened. George Gorkowski seconded the motion. The motion carried unanimously.

The board approved the proposed rate schedule at the May meeting. It contains the rate increases approved from the RCAC Rate study. The rates also included revisions to the impact and new meter installation fees and three other new fees. No public comment was made regarding the changes.

Motion to approve the 2022/2023 water rates. Sharon Hillman moved that the updated Rate Schedule for FY 2022-2023 be approved. Larry Bagshaw seconded the motion. The motion carried unanimously.

Motion to close public hearing. Sharon Hillman moved the public hearing be closed. Larry Bagshaw seconded the motion. The motion carried unanimously.

**II. DISCUSS, HAVE A PUBLIC HEARING, AND TAKE POSSIBLE ACTION FOR FISCAL YEAR 2022/2023 TAX LEVY**

Motion to open public hearing. Sharon Hillman moved the public hearing for the tax levy be opened. Tom Reski seconded the motion. The motion carried unanimously.

The tax rate will remain the same as last year's rate which is 1.3981. The projected revenue from property taxes for FY 2022-2023 is \$926,351 and is dedicated to loan principal and interest payments. The taxes are calculated at the rate times the value provided by the Gila County Assessor's office on an annual basis. This is an increase over the prior year of about \$42,989 due to the market values of all properties in the district. No public comment was made.

Motion to approve the Tax Rate Structure remaining the same as last year of 1.3981 for FY 2022/2023 and the Gila County Treasurer to collect \$926,351 on behalf of the district. Sharon Hillman made the motion. George Gorkowski seconded the motion. The motion carried unanimously.

Motion to close public hearing. Sharon Hillman moved the public hearing be closed. Larry Bagshaw seconded the motion. The motion carried unanimously.

**III. DISCUSS, HAVE A PUBLIC HEARING, AND TAKE POSSIBLE ACTION FOR FISCAL YEAR 2022/23 BUDGET**

Motion to open public hearing. Sharon Hillman moved the public hearing for the budget be opened. Larry Bagshaw seconded the motion. The motion carried unanimously.

The final proposed budget for the FY has been prepared with the PNC Bank debt removed as the USDA Loan closing is scheduled for June 27,2022. The budget also includes the second year required interest payment to WIFA for the Design Loan over the next 3 years. USDA will pay off the WIFA loan at that time. It also includes the new WIFA loan of \$17,500,000 for the construction of the USDA projects. Interest for both the new WIFA loan and the new USDA loan have been included in the budget as well. All items have been calculated using the district's first 11 months of revenue and expenses annualized to 12 months. In addition, the 6.3% income and 3% increase in expenses per the approved Rate Study have been included. The budget also includes an additional 3% increase due to inflation. No public comment was made.

Motion to approve the 2022/2023 budget effective July 1, 2022. Sharon moved the proposed final budget for FY 2022-2023 be approved. Tom Reski seconded the motion. The motion carried unanimously.

Motion to close public hearing. Sharon Hillman moved the public hearing be closed. Larry Bagshaw seconded the motion. The motion carried unanimously.

- IV. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE WATER SHARE ANNUAL ADJUSTMENTS BASED ON THE FY 23 WSA WHOLESAL PRICE.** Kristie Allen. Kristie proposed that the payment for the Water Share Agreements be increased from \$1.04 to \$1.05 per 1000 gallons purchased by the district. George Gorkowski moved that the FY 23 WSA Wholesale rate be increased to \$1.05 per 1000 gallons. Tom Reski seconded the motion. The motion carried unanimously.
- V. DISCUSS AND TAKE POSSIBLE ACTION REGARDING THE INTERCONNECT TO THE PONDEROSA WATER COMPANY.** Sharon Hillman. The board approved the interconnect between PSWID and Ponderosa Water Company at a special board meeting held November 19, 2020, but not to turn it on until the meters and tariff are in place. The district's moratorium was voted on at the March 25,2021 board meeting. Linda Taunt with ADEQ emailed the chairman as asked if it would affect the intertie approval. The chairman replied that it would not affect that process. A study session and special board meeting was held on September 2, 2021, to discuss this issue as there are 5 new board members on the board who were not in the prior meetings. At that meeting, the board again approved the intertie to be constructed and for future water purchases by Ponderosa Water Company depending on water availability. The intertie is completed, and the district has been provided the approval of construction of the project. At this time, there is a draft agreement between the district and Ponderosa Water Company that has not been approved by the board nor executed to sell water to Ponderosa. Some of the Ponderosa meters have been read for four months, but since the last meter was only installed in May, the complete meter reading for two months will be sent to the ACC in July for the rate tariff. The district will wait until the ACC approves a tariff, before looking to see if we can sign an agreement to sell water to Ponderosa Water. Our attorney will also investigate this matter to see if we can sell the water to them due to the moratorium having taken effect before completion of the intertie.

- VI. DISCUSS AND TAKE POSSIBLE ACTION REGARDING WHO MAKES THE CALL ON WHAT WATER STAGE PSWID IS IN. HOW IS THE PUBLIC NOTIFIED?** David Dickinson. He voiced the opinion that the field staff should make the call. The board thought it was appropriate only if the stage was stable over several days, and not changed several times a day. Also, several customers had questioned board members about the meaning of the stages, due to lack of information being disseminated. George Gorkowski moved that this should be tabled. Larry Bagshaw seconded the motion. The motion carried unanimously. This will be discussed in a study session.
  
- VII. DISCUSS AND TAKE POSSIBLE ACTION REGARDING EXECUTING A LETTER OF ENGAGEMENT WITH MOYES, SELLERS, & HENDRICKS AS OUR NEW LEGAL COUNCIL.** Tom Reski. The board approved Tom Reski negotiating with Moyes, Sellers, & Hendricks at the May board meeting. Tom met with them, and they met the board's requirements. Tom Reski moved that the board accept the Letter on Engagement contract with Moyes, Sellers, & Hendricks and authorize the chairman to execute the letter. Larry Bagshaw seconded the motion. The motion carried unanimously.

**10. NEW BUSINESS**

- I. DISCUSS AND TAKE POSSIBLE ACTION REGARDING A CONTRACT AMENDMENT WITH SUNRISE ENGINEERING FOR THE WHITE OAKS AND CEDAR MEADOWS FOR A 2,200 FOOT WATER LINE ALONG CEDAR MEADOWS ROAD.** Sharon Hillman. In reviewing the contract for the White Oak/Cedar Meadow, and Pine Mountain project, David Dickinson realized that the Pine Mountain area water lines did not need to be replaced. When the PER was revised in September 2020, the portion of the Cedar Meadow in the project was not included in the project design. Cedar Meadow is one of the worst areas for different size pipes and repairs. Therefore the team asked the engineering firm to remove the Pine Mountain portion of the project and include all of Cedar Meadow. The Pine Mountain 1250 feet of pipe was removed, and the Cedar Meadow 2200 feet of pipe was added. This adds an additional cost to the engineering of \$66,850. The amendment was submitted to USDA and approved to move forward with the additional design. No motion was required since the USDA signs the approval.
  
- II. DISCUSS AND TAKE POSSIBLE ACTION REGARDING JOC CONTRACT EXTENSIONS FOR APACHE UNDERGROUND & EXCAVATING, MGC CONTRACTORS AND KEAR CIVIL CORPORATION.** Sharon Hillman. The district entered on-call contractor contracts in July 2021. The contracts have 4 contract extension period of 1 year each. It is time for the first-year contract extensions for all the 3 contracts. Sharon Hillman moved the board approved the 3 contract extensions and authorize the chairman to sign the documents. Larry Bagshaw seconded the motion. The motion carried unanimously.

**11. IDENTIFY POTENTIAL AGENDA ITEMS FOR THE NEXT SCHEDULED BOARD OF DIRECTORS MEETING ON JULY 21, 2022.**

- I. Study session on water stages and communication
- II. Ponderosa Water sales agreement and interconnect once the ACC approves a tariff for a rate increase.

**12. MOTION TO ADJOURN.** George Gorkowski moved the meeting be adjourned. Tom Reski seconded the motion. The motion carried unanimously.

APPROVED