



## BUCKSKIN SANITARY DISTRICT

P O Box 5398  
Parker, AZ 85344

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### **MINUTES** **OF THE BUCKSKIN SANITARY DISTRICT** **BOARD OF DIRECTORS** **Regular Meeting**

**Tuesday, May 16, 2017 @ 6:00 p.m.**

**BSD District Offices 8832 Riverside Dr. Parker, AZ 85344**

Elected Board Members and District personnel present: Chairman Jeff Daniel, Director Gary Svider, Director Andy Hinson, Director Jay Clagg, and Director Pat Jones (via telephone). Staff: District Manager, Wayne Posey, District Administrator Pam Stark. Other Attendees: Tina Childers, CNB Excavating, Kevin Murphy & Eric Perrotto, Slater Hanifan Group, Doug Kobrick, Hazen and Sawyer, John Bishop Ritoch Powell Associates and Valerie Hinson.

1. Call to Order/Roll Call

Chairman Jeff Daniel called the meeting to order and held roll call at 6:035 p.m.  
All were present with Director Jones on the phone

2. Call to Public

None

3. A). Approval of Regular Meeting Minutes dated 04/18/17 and Special Meeting Minutes dated 5/1/17.

*Director Andy Hinson made a motion to approve the Regular Meeting Minutes 04/18/17 and Special Meeting Minutes dated 5/1/17.*

*Director Jay Clagg seconded*

*Vote –5 ayes Motion passed*

B). Approval of Accounts Payable dated 4/1/2017 – 4/30/2017

*Director Jay Clagg made the motion to approve the Accounts Payables dated 4/1/2017– 4/30/2017.*

*Director Andy Hinson seconded*

*Vote - 5 ayes Motion passed*

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7. (Action Item) Discussion and possible action for the Board to select an engineering firm for the design of the Area 5/6 Wastewater Treatment Plant and to authorize the District Manager to negotiate a professional engineering services contract with the selected firm.

Wayne again summarized the process of the RFQ's from February 2, 2017 – April 3, 2017 when the Board interviewed a short list of firms for this project. After the interviews the Board gave direction to place this item on tonight's agenda for discussion and possible action to select a firm from the list of candidates: AMEC Foster Wheeler, Hazen Sawyer, NCS and Pace.

Wayne again gave the board an overview and his recommendations. The Board discussed their views and concerns and Chairman Daniel asked for any further input from each Board Member and they all said they were ready to vote and had no comment.

*Director Jay Clagg made a motion to select Hazen Sawyer for the design of the Area 5/6 WWTP and to authorize the District Manager to negotiate a professional engineering service contract.*

*Director Andy Hinson seconded*

*Vote – 5 ayes                      Motion passed*

*Director Hinson said he wants to drill in that Change Orders and mistakes need to be addressed heavily and Wayne said this will come back to the Board for a vote on the contract and it can all be addressed at that time.*

8. (Action Item) Discussion and possible action to approve CNB Excavating, Inc Change Order #5 in the amount of \$12,069.49 and the addition of six (6) work days to the contract for the construction of the Phase 4 Wastewater Conveyance System Project.

Wayne explained this request is for Change Order #5 which includes Change Order Requests (COR) 21, 22, 23. He said this is three-fold and it includes work in Jolly Knight and Desert Star Resorts and Clear Contracting, a sub for CNB Excavating. A shallow buried water line was broke serving Jolly Knight and was outside of the construction trench and required an emergency repair and re-route of the water line to allow the service to be turned back on that night. The District provided the PVC pipe and fittings for the repair. The cost for the repairs are \$754.46 and one (1) additional work day to the contract due to the delay. The second issue was the leach field conflict and Clear had to excavate the leach field to construct the new sewer and it was replaced to provide service until connections are made and again the District paid for the pipe and fittings. The cost for this work is \$8,673.88 and three (3) additional work days to the contract due to additional work. There was also some difficulty in Desert Star Park with a 1 ½" water line providing water to three parcels at the river that are not serviced by Brooke Water and needed to be relocated. The cost was \$2,641.15 and two (2) additional days of work. Wayne stated that the cost is very reasonable for the above items and recommends paying Change Order #5. Director Pat Jones questioned why we were paying for these repairs on private property and Wayne said this is reimbursable through RD grant funds and this is our easement in order to serve the parcels on the river. Director Andy Hinson asked if we are responsible for the repairs in the easement. Director Pat Jones feels we need to address these issues in the future so no change orders happen.

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*Director Jay Clagg made a motion to approve Change Order #5 in the amount of \$12,069.49 and six (6) additional days to CNB Excavating.*

*Director Hinson seconded*

*Discussion: Director Clagg felt the money is reasonable and some things are unforeseeable*

*Vote – 5 ayes Motion passed*

9. (Action Item) Discussion and possible action to approve the May 2017 progress payment application #9 for CNB Excavating, Inc., subject to USDA Rural Development funding agency concurrence in the amount of \$236,352.33 for the Phase 4 Wastewater Conveyance & WWTP Improvement Project.

Wayne presented the May Pay Request #9 to the Board for payment for CNB Excavating, Inc., for the quantity of work that has been performed for the period of 4/1/17-4/30/17. He explained the work that had been done and that this pay request included no stored materials. He said all of the documents were provided and his recommendation was to pay the pay request in the amount of \$236,352.33 contingent on Rural Development approval.

Director Jay Clagg asked what percentage of the project has been completed and Wayne asked Tina Childers from CNB who said it was 41%-42% complete to date.

*Director Andy Hinson made a motion to approve Pay Request #9 in the amount of \$236,352.33 subject to Rural Development approval*

*Chairman Jeff Daniel seconded*

*Vote – 5 ayes Motion passed*

10. (Action Item) Discussion and possible action for the Board to approve the purchase of the Omnisite Crystal Ball alarm monitoring systems for the District's existing 9 lift stations within Areas 1, 2, and 3.

Wayne explained that in the Area 4 three (3) new lift stations this new system that is basically a small SCADA system run on Cell service GSM (texting). This item is to address converting the existing nine (9) lift stations to the same system which currently use Frontier for the service. With Frontier it basically is a phone service that calls a specific number and tells you a problem. The cost of these dialers through Frontier is approximately \$879 (\$73.25 per line) and is tied up with a contract. This new system costs approximately \$23 per month per after one (1) year free. That can be reduced further if it is paid annually which would be a savings of \$5,427 per year for the nine (9) lift stations and a 5-year cost savings would be approximately \$29,600. Mike Byrd explained that this system can tell them what is wrong and help them diagnose issues right from a computer. Pam explained that the other issue here is that we have a 3-year contract with Frontier and we need to see what it costs to buy it out. Mike asked if we could possibly buy one and there was discussion on the installation and Mike said he could install it possibly.

Director Pat Jones asked if there were funds to cover this and it was stated we would take it from our Reserves.

*Director Jay Clagg made a motion to purchase one (1) system and Mike Byrd will install the system*

*Chairman Jeff Daniel seconded*

*Vote – 5 ayes Motion passed*

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11. (Action Item) Discussion and possible action to approve the application for a revolving line of credit for the District with JP Morgan Chase Bank and requesting the La Paz County Treasurer to enter into an agreement with the bank to provide the line of credit.  
Pam explained that the County has changed banks and gone with JP Morgan Chase Bank. They are asking for financials, budgets etc. to consider for a line of credit. She explained that we have had a line of credit previously with Wells Fargo through the County, but the District has never used it. She explained that it works like overdraft protection on the Warrant Account. Chase has said it will charge the County \$10,000 in legal fees for these lines of credit to the Special Districts and the County and then the County will pass on that cost to each of the Special Districts proportionately. We are recommending to NOT go with this line of credit as we have never used it in the past and we do have the ability to pursue it later if we choose to do so.

*Director Andy Hinson made a motion to deny the Line of Credit application*

*Director Jay Clagg seconded*

*Vote – 5 ayes Motion passed*

12. (Action Item) Discussion and possible action to review the RFP's for audit services and authorize the District Manager to enter into an agreement with the bank to provide the line of credit.  
Pam explained to the Board due to the rising cost of doing our annual audits with our current firm, the District went out for Request for Proposals for annual audit and a single audit. She explained that last year the District spent over \$25,000 just for the annual audit and that didn't include a single audit which will be required this year due to the receipt of federal money over \$750,000. We received three (3) proposals from Henry & Horne LLP, Fester & Chapman, P.C., and Hinton Burdick. Pam stated after following up with some reference checks the two (2) new firms were highly recommended. Fester & Chapman offered their services at \$18,000 all-inclusive including the single audit. Hinton Burdick came in at NTE \$10,500 for the annual audit and NTE \$2,500 for the single audit with an inflation rate of 3% per year. Henry & Horne came in all-inclusive at \$22,500 for the annual audit and \$6,000 for the single audit.

Director Jay Clagg asked if we had spoken to these firms and Pam said that she had and also called references from Pinetop-Lakeside who said anyone of the two (2) firms, Hinton Burdick or Fester Chapman would do a good job. He said he couldn't speak to Henry & Horne as they had not used them before. Director Clagg would like more time to review the firms since he just received the information and asked if this could be continued to the next meeting and Pam said that was fine.

*Director Jay Clagg made a motion to table the item to the next meeting in June*

*Director Andy Hinson seconded*

*Vote – 5 ayes Motion passed*

13. (Discussion Item) Presentation of the 2017-2018 Budget to the Board  
Wayne presented the Budget to the Board for their review. He and Pam went through the line items one by one and presented the numbers to the Board and asked for questions or comments on each one and got a consensus that they understood. Wayne went over the Reserve Funds and what is currently available and what the balances will be at the end of the FY 16/17 rolling

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forward. It was agreed that the Employee Benefits, Payroll and Expenses would be addressed at the next meeting and that staff would have revised numbers to date as well.

Wayne and Pam presented the Budget to the Board with the previous items marked as completed except for the Audit line item. Wayne explained that we reduced that line by \$8,400 in anticipation of the change in auditor services. The final items addressed were the District payroll, payroll benefits, and payroll expenses. Wayne said that obviously, the payroll expenses are driven by the payroll. Pam said that we did have an increase in medical premiums as we are so small and it is age based. She said the other problem is that we have no choices in AZ either. Wayne addressed the payroll stated that he is asking for a 3% COLA increase and provided the Board with the statistics for the annual CPI since 2013 which averaged out to 4.7%. He stated that the District has not provided a COLA or merit increase since 2013 and he feels that the staff have been here long term and have been doing a great job keeping expenses low and contributes to the fact that our ad valorem tax rate has been going down every year.

Director Pat Jones said that he feels with what the County is going through and people losing their jobs he looks at what our employees make and he is not sure about this. Wayne stated that he believes it is justified and our employees work hard and produce good results and that he has not had a raise nor does he get any benefits and uses his own truck. He said he is prepared to bring this back to the Board but feels these employees have expenses as well.

Director Pat Jones said he only commented and absolutely agrees our employees deserve it and work hard and just wanted the justification in the minutes.

Wayne also addressed that back in Aug 2016 the Board approved the IRA Retirement plan effective immediately and because of laws and preparation it could not be completed until Jan 1, 2017. He said that the employees missed out on 10 pay periods of contributions and he would like to figure out a way to make sure they don't lose those contributions. The Board was fine with it and Wayne said he would come back with a solution.

*Director Andy Hinson made a motion to approve and publish the final Budget for FY2017-2018 and set the Public Hearings for June 20, 2017.*

*Director Jay Clagg seconded*

*Vote – 5 ayes                      Motion passed*

**Open Comment:**

Director Jones said he wanted everyone to make sure you pay attention to what's going on at the County, it could go defunct and maybe go back to Yuma or go bankrupt and taxes could go sky high. He said he would like to make sure everyone pays close attention.

Director Svider asked that an item be placed for discussion on the next agenda regarding the old pipe at the ponds. He said he has an interest. Wayne apologized to Director Svider as he was supposed to include it on this Agenda and he forgot. The Board members said they didn't have an issue with the District Manager addressing it directly.

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Page 7  
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May 16, 2017

Chairman Jeff Daniel adjourned the meeting at 8:10 p.m.

Minutes approved \_\_\_\_\_ Dated \_\_\_\_\_  
Chairman Jeff Daniel

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