

# MARANA DOMESTIC WATER IMPROVEMENT DISTRICT

Official Board of Directors Meeting Minutes

**December 9, 2013**

The Board of Directors of the Marana Domestic Water Improvement District met in session at the Marana Domestic Water Improvement District Office 16560 West El Tiro Road Marana, Arizona at 4:00 P.M. on Monday, December 9, 2013

## 1. Call to order and Pledge of Allegiance

Mr. Sniffen called the meeting to order at 4:10 P.M.

Mr. Sniffen ask Mr. Danielson to lead the Pledge of Allegiance.

## 2. Roll Call

Upon roll call, those present were as follows:

Board Members Present were;

Anthony Sostarich, Chairman, via telephone

Don Peetoom, Vice-Chairman, Absent

Michael Young

Teresa Ball-Cummings

Michael Sniffen

Staff Members present were;

System Manager, Sig Danielson

Clerk, L. Katy Walker

1 member, Annette Sostarich, of the Public present

## 3. Consent items

A. Approval of meeting minutes from the November 18, 2013 meeting

Mr. Sniffen: I didn't see anything wrong with it at all.

Ms. Ball-Cummings: I see no corrections or additions to the minutes.

Mr. Young: I have none.

It was moved by Ms. Ball-Cummings, seconded by Mr. Sostarich, and carried that; **The minutes of the November 18 , 2013 meeting of the Marana Domestic Water Improvement District shall be approved as presented/amended.**

**4 Ayes**

**0 Opposed**

**1 Absent**

## 4. System Manager's Report

1. Okay we have had some problems with the system since the last BOD meeting. Very late last Thursday night or early Friday Morning down at the Culver well site we burnt up the programmable logic controller which controls the entire Culver well site. Tony Griggers got the first phone call about 4:00 A.M. By the time he got himself up, dressed, ran up here to see what was going on as far as the SCADA System. Realizing he probably had to run it manually, he ran down there, and by 5:00 A.M., everybody had water, but we were running the entire system manually. I was on vacation, he actually called me in off of vacation, so it took me over an hour to get here. By the time I got myself showered and dressed and out here I was unable to do anything with the SCADA System. We called in an electrician and they really didn't want to do anything with the SCADA System so we called in Ray, I can't remember his last name with Smyth Steel who has done quite a bit of the SCADA System instrumentation work for us and he was out here and by 4 Friday afternoon we had the system working as far as the booster station will run and maintain pressure down there. We are still having problems with the SCADA System and the control system down there and Ray is due back out again tomorrow. The wells will not start automatically and we have to manually start the wells. I was down here yesterday afternoon and evening doing that and we ran them manually today to top off the tanks. It appears that the the number 2 booster pump is not working properly so we're running on number 3, with number 1 as the backup. So none of the customers are gonna notice anything wrong with the system down there, but it's not running properly. That's the first and the most major problem that we've had with the system since the last Board Meeting. We've also had instrumentation problems at the Derringer Well site and what happened is the pressure transducer, which controls the booster pumps has failed. We had lost the exact same transmitter up at IM and decided at the time not to replace it because we were not running IM at all, so since we're gonna order one we're gonna order two and get them both put on and get both of those well sites back up to normal. They are on order, Ray says he hasn't got them in yet but they should be in later this week. Those again are instrumentation. So both the Derringer and IM are fully capable of operating manually as we did with Culver during the day on Friday. You know nobody's gonna know that we've got a problem other than the person standing out there flipping the pumps on and off. Other than that we did two (2) service line leaks and both of those looked like they were either directly or indirectly by NPL.

2. November billing included 171 late notices, which is higher than normal.

3. We did seven (7) shutoffs in November for nonpayment, which is average.

Accounts Payable	\$ 38,099.44
Capital Expenditures	\$ 0.00
Accounts Receivable	\$ 37,277.29
Balance	-\$ 872.15

MDWID Balances Brought Forward:

MDWID Balance at Pima County	\$ 80,762.74
N B of AZ Checking	\$ 10,000.00
WIFA Reserve Account	\$ 74,093.16
RD General Account	\$ 270.21
RD Reserve Account	\$ 14,672.68
RD O&M Account	\$ 9,459.21
RD Replacement Account	\$ 7,980.13
RD Bond Account	\$ 26,516.19
Bills Pending Balance	\$ 2,430.30

That concludes the Manager's Report.

Mr. Sniffen: Anybody have any questions concerning the Manager's Report?

Ms. Ball-Cummings: I have one question for the System Manager.  
negative balance of 872.15, what's the cause of that?

Why do we have a

Mr. Danielson: Well we spent more money than we

Ms. Ball-Cummings: Anticipated?

Mr. Danielson: than we took in, which is typical of the winter months.

Ms. Ball-Cummings: So that was from when to when?

Mr. Danielson: That was for the month of November.

Ms. Ball-Cummings: Just of the month of November, okay that's what I thought, just verifying that.

Mr. Danielson: Very rarely is November ever a in the black month.

Ms. Ball-Cummings: Definitely, no you're right.

Mr. Sniffen: Any other questions?

Ms. Ball-Cummings: Nope.

Mr. Young: Yeah I have a question. We talked about the shutoffs, about penalties, for shutting off and turning back on. Did we ever put that in to effect?

Mr. Danielson: No that would be, we would have to do that in conjunction with the rate change.

Ms. Ball-Cummings: Do the whole, like the rates.

Mr. Danielson: We're charging them \$35 to have it turned back on now.

Mr. Young: Well didn't we discuss about \$35 for turning it off too, I can't remember, I would have to look.

Mr. Danielson: Yeah we kicked that around and I can't remember what the final disposition of it was. That is a little bit steep.

Mr. Young: Now the 7 shutoffs, what type of money are we talking about on the 7 shutoffs, what were their average bills? So that would have brought down the 800, the minus \$872?

Ms. Ball-Cummings: That's what I was thinking.

Mr. Danielson: Probably would have put us close to breaking even. One of the shutoffs was \$270 some.

Mr. Young: Are they still in the residence?

Mr. Danielson: No they're long gone.

Ms. Ball-Cummings: And this was for the month of November?

Mr. Danielson: Uh-huh.

Mr. Young: And we didn't have a deposit?

Mr. Danielson: They were under the old security deposit, 50 bucks.

Mr. Sniffen: Any more questions for Sig on that?

Mr. Young: When we talked about this, I know you and I disagree on this but, when we were talking about a \$200 security deposit for new people coming in.

Mr. Danielson: That's what it is, yes.

Ms. Ball-Cummings: Yes, we decided upon that.

Mr. Young: Okay and that wasn't in effect on these people?

Mr. Danielson: No they've been in there for longer than 2 years.

Ms. Ball-Cummings: Yeah.

Mr. Danielson: Or well it's been a year and a half since that's been in effect. We put it in effect in June of 2012.

Ms. Ball-Cummings: Yeah, it was in 12.

Mr. Sniffen: Any more discussion on that?

Ms. Ball-Cummings: It bothers me with that negative, it really does, that negative, 872. I really (inaudible)

## 5. Discussion and Possible Action Concerning Financial Sub-Committee

Mr. Sniffen: Mike or Sig, you want to comment on that?

Mr. Young: Mr. Sig.

Mr. Danielson: Well, what we did was we, what I did is I took the \$3.50 rate increase that we had talked about at the last Board Meeting and then work it backwards and basically the 3.50 increase will cover the increase in Employ Healthcare and Life Insurance Costs and it would provide a 3% increase in compensation for the employees. Mike and I just met before this meeting and we been scratching our heads over the weekend since Wednesday of last week on these numbers and we met this morning and we also met, like I say, again this afternoon. Mike, you want to pull from there?

Mr. Young: We're talking about raising \$3.50. It's not gonna fix anything, all it's gonna do is compensate the employees and I think we're gonna have a heck of a wreck. We're not fixing anything for the company but the employees and I'm suggesting that we go to \$5 to help money for the company.

Ms. Ball-Cummings: To compensate the company, yeah.

Mr. Young: That's my opinion.

Ms. Ball-Cummings: \$5 per customer?

Mr. Young: Yep.

Ms. Ball-Cummings: Well I think that's something that we should think about and table it and go for the next meeting on that. That's my opinion. I mean that's something that's got to be discussed.

Mr. Young: Uh-huh, correct. That's why we threw it out there.

Ms. Ball-Cummings: That's, it's a good discussion because you got to weigh the good and the bad, how many are disabled out there, how many are on Social Security, how many are at are Senior Citizen, as far as their income, and you know, etc., etc. So I mean that's the only reason I'm talking about, they want it from this month to the next month.

Mr. Sniffen: I work for the State and we haven't had a raise in five years and you know and I understand these guys need raises too but you know I'm not getting a raise either so it doesn't help me if you raise my rates and you know, can't the money be used better to work with the company instead of the employees wages right now, raise their wages right now. I mean using, instead of giving them a 3% raise, using the money better to service what we need in the company?

Ms. Ball-Cummings: I thought I was the only one who wanted to.

Mr. Danielson: Well we need money to, we need money to continue to operate the company.

Mr. Sniffen: I understand that, but what I'm saying is, rather than give them a raise right now, use the

money, that \$3.50 on the rate, use it to invest in what we need in the company rather than in wages.

Ms. Ball-Cummings: Infrastructure too.

Mr. Danielson: Well the increase in medical and life insurance, since the county literally threw us under the bus, amounted to \$3.11 for all the customers. That's based on 810 customers. That cost differential is \$3.10, the exact numbers. The District contribution for Healthcare Insurance went from fiscal year 2012-13, the District's contribution was \$33,196. Projected for this year, fiscal year 2013-2014 is \$63,456. That's a difference of \$30,260, based on 810 customers, that's \$3.11 per customer.

Mr. Sniffen: Is that for all three of you the three employees, or four?

Mr. Danielson: That's for the 3 employees that are covered under Healthcare, yes.

Mr. Young: This is part of the affordable Healthcare, almost double.

Ms. Ball-Cummings: Let me ask a question here Sig. Now is it possible, now quote me if I'm wrong. Are you guys just having to pay a little more out of your pocket to pay for these services, a little more, or they just totally, just cut you out? I mean this is where I've been lost all along, because nobody's ever come right out and said, hey they've taken this from us, totally out or we have to pay a \$15. copay or 45, or 55 or what? I've never heard anything on the subject.

Mr. Danielson: Okay how we were set up originally is we came under Pima County for our benefits.

Ms. Ball-Cummings: Correct.

Mr. Danielson: Health, Dental, Life

Mr. Young: Group?

Mr. Danielson: As part of the Pima County Group.

Ms. Ball-Cummings: That's true.

Mr. Danielson: Now someone in Pima County decided about a year or so ago that they were no longer going to allow the Special Districts who have been under Pima County to be part of Pima County, and yes there was some attempt to form groups and that type of stuff within the five districts were cut loose out of Pima County, but either number 1, wasn't properly pursued or number 2, because of the differences in the way things were set up internally within each district, that it was impossible to do. Therefore we ended up as being a group of 3 people and Mount Lemon ended up as a group of 2 people and there's some other special districts. So basically it gave the Healthcare Insurance Companies a right to charge whatever the heck they wanted to.

Ms. Ball-Cummings: Okay so you're having to still pay for

Mr. Danielson: The District is having to pay because our personnel policy manual says that the employees will pay the same amount as Pima County Employees pay.

Ms. Ball-Cummings: That still hasn't answered my question.

Mr. Danielson: Okay if we were paying

Ms. Ball-Cummings: So irregardless you're still having to pay out to go to the Doctor.

Mr. Danielson: We still have to pay out, we still have a copay, we still have co-insurance, etc., etc that we have to pay.

Ms. Ball-Cummings: Okay that's what I wanted.

Mr. Danielson: Fact is, our insurance is so good that, since the start of this fiscal year, right now I've got 2500 bucks worth of outstanding medical bills that I have to pay out of my own pocket.

Ms. Ball-Cummings: Okay, say for instance, that they pay 80% or whatever and then you pay the rest, are they not doing it that way?

Mr. Danielson: Oh they pay 80%, but you have to satisfy the deductible first.

Ms. Ball-Cummings: Okay, that's what I, that was my question, that's why I'm asking, you know when we get together this next meeting, and hoping that Don, which I had just talked, I didn't know that he was where you said. We can, that's why I'm asking, so that when we get together, we can decide on you know what we want to do here, with the 3% that we discussed on that, that's why I'm asking, you know. They can totally not pay anything, that's why I'm asking. So you're still paying a copay, you're still getting paid some?

Mr. Danielson: Oh yeah, we still have to pick up our portion. The plan we are on is the closest we can get to what Pima County has, what United Healthcare is offering us.

Ms. Ball-Cummings: Correct and that's what I have here. I still have the paper so I can refer back to it cause I knew this day was coming so. Okay excellent.

Mr. Sniffen: So what do we want to do with that, we want to table that part of it until the next meeting, is that what you're suggesting?

Ms. Ball-Cummings: I believe so, we need to take a vote on it, make motion, that's the proper way to do it.

Mr. Sniffen: Are you still there, Tony?

Mr. Sostarich: Yes.

Mr. Sniffen: Do you concur with that, that we table that part of it for right now and bring it up at the next meeting?

Mr. Sostarich: Well it would be better to do that, because I'm not catching every last syllable that you guys are uttering.

Ms. Ball-Cummings: that's understandable.

It was moved by Ms. Ball-Cummings, seconded by Mr. Sostarich and carried that; **table 3% Employee raises until the next meeting.**

**4 Ayes**

**1 Absent**

**0 Opposed**

**6. Discussion and Possible Action Concerning Water Rates and Fees**

Mr. Danielson: 6 and 5 are more or less together and table one and table the other.

Ms. Ball-Cummings: Yeah, table, we'll just, table make another

It was moved by Ms. Ball-Cummings, seconded by Mr. Mr. Young and carried that; **table Action Concerning Water Rates and Fees until next meeting**

**4 Ayes**

**1 Absent**

**0 Opposed**

Mr. Young: We need to get this straightened out at the next Board Meeting, because every month we're gonna go deeper in the hole.

Ms. Ball-Cummings: Especially we keep getting this negative every time. I keep seeing this.  
(inaudible)

Mr. Young: That's what I'm talking about.

Mr. Sniffen: Didn't you say that we have to have a public hearing if we do a water rate?

Mr. Danielson: After the Board settles what they want to do on water rates, we have to publish it

Ms. Ball-Cummings: Inform it to the public.

Mr. Danielson: and we have to post a public hearing and we'll probably end up with, 2 weeks after the next Board Meeting, we would have a special Board Meeting just to hold the public hearing and talk about the rates.

Ms. Ball-Cummings: Oh Lord. Correct.

Mr. Young: So we're talking about February?

Mr. Danielson: We're talking February, yeah.

Ms. Ball-Cummings: Yes February, cause January is the next meeting, then yeah.

Mr. Danielson: No we would probably be, if we can settle it at the January meeting,

Ms. Ball-Cummings: We could have it on that month?

Mr. Sniffen: That would be on the 13<sup>th</sup>.

Mr. Danielson: Right, I could get it published by the 18<sup>th</sup>, which would be the Friday and it has to be published twice, a week apart and I could get it published the 18<sup>th</sup> and the 25<sup>th</sup> and then the 28<sup>th</sup> would be the 4<sup>th</sup> Monday?

Mr. Sniffen: The 4<sup>th</sup> would be the 27<sup>th</sup>.

Mr. Danielson: The 27<sup>th</sup>. Hold a public hearing that night and if it was good we could put that in to effect then with the billing that we mail out later on that week.

Mr. Sniffen: Okay, any further discussion on that, and then we'll re-vote on it again?

It was moved by Mr. Sniffen, seconded by Mr. Young and carried to; **have a Special Board Meeting to hold the public hearing and talk about the rates**

**4 Ayes**

**1 Absent**

**0 Opposed**

## **7. Call for Public Comment**

Mr. Sniffen: We have one and that's Annette, and she's just observing, you don't have any comment, do you?

Ms. Sostarich: Haven't thought of any yet.

## **8. Discussion and Possible Action Concerning Administrative Details**

Mr. Sostarich: I've got something I'd like to bring up. Have you guys read the packet form the lawyer?

Mr. Sniffen: I breezed through it, I didn't get to read the whole thing.

Ms. Ball-Cummings: I did a little speed reading and that was all.

Mr. Sostarich: I think all you have to do is read the first few pages which gives a synopsis of it and the details to back it up.

Ms. Ball-Cummings: Yes, this right here.

Mr. Sniffen: Your point is what we're looking at?

Mr. Sostarich: Well the lawyer information packet involves the issue of property taxes and such, the legalities of it. If you read the first few pages, I believe it presents several options or points of view and the rest of it just the legalities to back that up. My point is if you read first few pages of this you'll at least have a basic idea of what this guy is saying. Before you actually vote on raising property taxes or not raising them you might want to have a good understanding of the legalities of this is so we'll be able to move smoothly through the process. That's all.

Ms. Ball-Cummings: Yeah, excellent, yeah.

Mr. Young: Tony, this is Mike. On that property tax thing, it's gonna take a year for it to come in to effect. So we were talking about, something to think about for the next Board Meeting, is about the monthly rate increase to get us to this year down the road on the property tax.

Ms. Ball-Cummings: Yeah, excellent, yeah, yes.

Mr. Sostarich: I'm aware of that. I guess my point is, is we don't want to move in to the property tax thing not knowing what we're doing.

Mr. Young: I agree.

Mr. Sniffen: I agree.

Ms. Ball-Cummings: Yeah.

Mr. Sostarich: At least get an idea of and understand the introductory of this, the general outline. If you want to go deeper, you can riffle through the body of what this guy's saying, the actual details. Follow me?

Mr. Young: I follow, every time I deal with an attorney, a word what I think means something, means something different to an attorney, so like you say, we need to read through it and make sure we're on the same level of wordage.

Ms. Ball-Cummings: That's true, cause they don't put it in layman's terms. It's that simple.

Mr. Sostarich: Well that's kind of what I'm getting at here. The introductory, the first few pages, the lawyer is speaking to us, telling us what our options are, the rest of it is what the law itself says, regarding what the lawyer is saying. Did that make any sense?

Ms. Ball-Cummings: Yes.

Mr. Young: Yes.

Mr. Sniffen: Yes.

Mr. Sostarich: Okay that's all I have for Administrative Details.

Mr. Sniffen: Is there any other discussion on that?

Mr. Young: No.

Mr. Danielson: I have nothing for Admin Details.

## **9. Announcement of Next Scheduled Meeting**

Ms. Ball-Cummings: Are you sure? No, it's the 14<sup>th</sup>.

Mr. Sniffen: Excuse me?

(Inaudible, overlapping statements)

**The next scheduled meeting of the Marana Domestic Water Improvement District Board of Directors shall be on Monday, January 13, 2014 at 4:00 P.M. at the District Office**

**10. Adjournment**

It was moved by Ms. Ball-Cummings, seconded by Mr. Young and carried that; **This meeting of the Board of Directors of the Marana Domestic Water Improvement District shall be adjourned at: 4:40 P.M.**

**5 Ayes**

**0 Opposed**

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Minutes prepared by  
L. Katy Walker  
**Clerk of the Board**