

# **MARANA DOMESTIC WATER IMPROVEMENT DISTRICT**

Official Board of Directors Meeting Minutes

**March 10, 2014**

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, March 10, 2014**

## **1. Call to order and Pledge of Allegiance**

Chairman Mr. Sostarich called the meeting to order at 4:00 P.M.

Mr. Sostarich ask Mr. Young to lead the Pledge of Allegiance.

## **2. Roll Call**

Upon roll call, those present were as follows:

Board Members Present were;

Anthony Sostarich, Chairman  
Don Peetoom, Vice-Chairman  
Michael Young  
Teresa Ball-Cummings (absent at Roll Call)  
Michael Sniffen

Staff Members present were;

System Manager, Sig Danielson  
Clerk, L. Katy Walker

6 Members of Public Present.

David House  
Ray House  
Mr. and Mrs. Jeffrey Plumb  
Annette Sostarich  
Robert N. Walker

## **3. Consent items**

March 10, 2014

Page 1 of 29

A. Approval of meeting minutes from the March 10, 2014 meeting

Mr. Sostarich: With the exception of a few missing commas or paragraphs, the only flaw in the slaw was, on page 6, second line up from the bottom, where Mr. Danielson says it looks like 815,810.

Ms. Walker: It does look like that.

Mr. Sostarich: It does appear that way.

Mr. Sostarich: Somewhere in there, okay. That's all I found, anybody else?

Mr. Sniffen:

Mr. Danielson:

Mr. Sniffen:

Mr. Sostarich: D U E. Well when we, that one slipped by me because this health insurance with the death panel and all. Any other noteworthy items that you want to bring up on item 3?

Mr. Peetoom: I didn't find none.

Mr. Sostarich: Like I said, a comma here, missing maybe a period there or whatever.

It was moved by Mr. Sostarich, seconded by Mr. Peetoom, and carried that; **The minutes of the February 10, 2014 meeting of the Marana Domestic Water Improvement District shall be approved as presented/amended.**

**3 Ayes**

**0 Opposed**

**1 Absent**

**4. System Manager's Report**

1. We've had one major problem with the system since the last BOD meeting. At about 1:30am on February 15 a service line split on Sandy Street. The split was about 8" long

March 10, 2014

Page 2 of 29

and was just above the corp. stop. We had 175 customers with either no service or reduced service until we were able to isolate the individual service. We completed repairs by about 11:00AM. We have repaired five (5) service line leaks, make that 6 right now because we had to repair one (1) today. NPL found it, found the service line with the backhoe.

2. February billing included 128 late notices, which is lower than normal.
3. We did two (2) shutoffs in February for nonpayment.

Accounts Payable	\$ 39,832.38
Capital Expenditures	\$ 0.00
Accounts Receivable	\$ 40,111.79
Balance	\$ 279.41

MDWID Balances Brought Forward:

MDWID Balance at Pima County	\$ 59,946.99
N B of AZ Checking	\$ 10,000.00
WIFA Reserve Account	\$ 77,017.83
RD General Account	\$ 184.02
RD Reserve Account	\$ 14,689.70
RD O&M Account	\$ 9,470.17
RD Replacement Account	\$ 7,989.38
RD Bond Account	\$ 15,023.08
Bills Pending Balance	\$ 1,443.33

Mr. Danielson: That concludes the Manager's Report.

Mr. Sostarich: It's 4:06 and Teresa Ball-Cummings just arrived. Any questions for Sig on System Manager's Report, comments?

Mr. Peetoom: I don't have any.

## **5. Discussion and Possible Action Concerning Ray House Property at 9740 N. Volk #1**

Mr. David House: Well I'm David House, this is Ray House and I guess I'll start (inaudible) A couple months ago, maybe a month ago, Tony came and said there was really a serious water leak on 9740 so we went over there to, there's a 6-foot high cyclone fence all the way around the property and it's padlocked on all accesses so I had to cut the lock, enter the property, turned off the water in the yard. Tony had said it was about an 800 or \$900 bill, that's what he was looking at. So a couple months prior, to give you a little history, we had some tenants move in and there was a pond that was active (inaudible) and I told the tenant that I want this to dry up. So I shut off a couple of valves that I thought fed that pond and I ask him to keep an eye on it and I came back like 4 days later and I ask him you know what's going on with it. I didn't come in to the yard, he said it was drying up, seemed like it so about a month and a half went by, maybe two, my understanding the water bill doubled. Then the following month it jumped up to like to 8 or \$900. So after we shut the water down to the yard, I started preparing all the places for swamp coolers so I had to turn the yard water on and (inaudible) to get the cooler water to activate so when I did that the leak was recurring, I did not solve the problem when I turned off the valves and I thought I had. So I found another valve, I turned it off and that stopped the leak at the pond. So that's kind of what happened. I talked to the tenants, there seems to be a dispute, we're not gonna agree on who's responsible, it's just not gonna happen. They don't feel like they are responsible and they have that platform to stand on and reasoning. I'm sure certain that they could advocate for themselves on that. I don't feel like I'm responsible for it because of certain situations which have occurred and certain reasons. We're landlords and we do understand it was yard water and as landlords if there's a leak you know, it's not the tenants fault, I understand that you know, but it's \$1000 you know and as a landlord I think as a landlord looking at the situation, I think there's some personal responsibility as tenant and for me as a tenant I would probably feel like it's not my responsibility.

Mr. Sostarich: Is these valves and everything that you mentioned, they can stop the leak if you turn the valves off the leak stops?

Mr. David House: When I shut the valve off, I had to find the valve, when I finally found the water that fed the pond and shut that valve off it shut the water off. So here's what I'm saying is, we weren't trying to be negligent and \$1000 is a lot of money and we can't afford to pay it, the tenants can't afford to pay it. I get it, I mean we're desperate.

Mr. Sostarich: Whose name is the service in, yours or theirs?

Mr. David House: Well the meter is in my father's name and the service is in the tenant's name.

Mr. Sostarich: All this has happening downstream of the meter, is that correct?

Mr. David House: Yeah.

Mr. Sostarich: Got anything to say Mike?

Mr. Young: Well you don't feel it's your fault and don't feel it's the tenants fault, do you feel it's our fault, is that what you're saying?

Mr. David House: No I don't, I don't, like I said when I made the statements I wasn't trying to say that it wasn't the tenants fault, I was trying to advocate for them and they're gonna feel like it isn't their problem now and I'm gonna feel like to a certain extent that it isn't my problem. There is responsibility however and we been members of the water company for 25 years I mean we've always paid our bills. We own 10 or 11 meters with this water district and all of our bills are kept current. When we have water, we had water issues on other pieces of property that have been under our supervision and we've been responsible and we held up to that and paid the bill. I'm asking the Board to consider just let's just wad this one up and throw it out the window, this is just going crush us and I also wanted to suggest a possible policy which might be the 25 cents per meter and have that as a fund for situations like this where there's really it's no fault, it's a non-fault, it's not due to negligence, it's a water bill that, people have water lines that break, they get 200, 300, \$400 water bill and kind of wondering if we couldn't set up some policy fund to mediate that.

Mr. Sostarich: That idea that you just suggested was nothing new. I was willing to forfeit what widow's mite that I got by serving on the Board for similar to what you're just describing. I was shot down in flames for it.

Mr. David House: It looks like you survived.

Mr. Sostarich: Not by the Board Members, but by people, legalese type of people that talked about you're assuming a responsibility, a liability I guess is the best way to put it over other people. You are setting yourself up for a lawsuit. I wanted to set that kind of fund up especially for indigent people that couldn't afford to pay their bills like widows and orphans, not allowed.

Mr. David House: In the past the Board has forgiven outrageous water bills and I think in that I think this warrants consideration. Also want to suggest the idea of a water break, and let's just discuss this for a minute. On Sandy Lane, there's a water break on the (inaudible) Hundreds of thousands of gallons were lost over there and I don't see, it's not Sig's fault, it's not Tony's fault, it's not your fault, okay it's one of those things that happen and there's not a demand for payment on that water loss.

Mr. Sostarich: Are you aware that we're being sodomized by the State for water that unaccounted for that we're pumping out of the ground, it's being metered, measured and reported to the State and what we're billing and the difference between is a water loss and the State is treating it like it's going out in to outer space, a black hole, flying saucers? I'm getting sarcastic here.

Mr. Danielson: Yes. I can show you all the nasty letters.

Mr. David House: Well I'm just saying that you know I understand you know tenants meet their owners as someone that pays his bills you know, we're doing that actively on monthly basis and we're not asking for any, we've never ask for any favor, never ask for any favor, and I'm really wanting you guys to consider this as a place where you could extend some benevolence.

Mr. Sostarich: What do you think Sig?

Mr. Ray House: How about speaking to it, could I speak to it?

Mr. Sostarich: You may.

Ms. Ball-Cummings: Yes.

Mr. Ray House: Okay thank you.

Mr. Sostarich: Ray House is speaking.

Mr. Ray House: Most of the yes, I guess I should, I'm Ray House (inaudible).

Ms. Walker: Sir would you mind stepping closer to the recorder?

Mr. Sostarich: It's picking him up, it's picking him up.

Ms. Ball-Cummings: Yeah, I can see (inaudible).

Mr. Ray House: Is it okay?

Mr. Sostarich: Yes.

Mr. Ray House: I sure want this to be, most of that is pretty much how it was. One of the things that happened was, when we first had to cut the chain to look at the water leak, tenants was pretty unhappy with that but as David was fixing it, trying to fix it, looking at it had the outside water shut off, they didn't like it so they wanted him to leave and stop the repairs right then.

Mr. Sostarich: Excuse me are these tenants that you're renting to?

Mr. Ray House: I couldn't hear that.

March 10, 2014

Page 6 of 29

Mr. Sostarich: Are these tenants that you are renting to?

Mr. Ray House: Yes, yes. At any rate

Mr. Sostarich: They don't like you going on to their property to fix a water bill that they are liable for?

Mr. Ray House: Yes we did have legal counsel as we quizzed on this particular thing and since we have to have a 24 hour notice to enter a tenant's house, residence, trailer, etc., but in the yard, it isn't so, we should have access to the yard.

Mr. Young: Correct.

Mr. Ray House: Because there is things like leaks.

Mr. Sostarich: Yeah I just spent the last four months up in a dive in Goodyear, yeah I read their lease, it's a standard lease.

Mr. Ray House: I got it tattooed to my butt and I've got it memorized now, but anyway (inaudible)

Mr. Sostarich: I believe it.

Mr. Ray House: Besides that so there was a length of time between the time that they said stop and they wanted to go to the park and they didn't want us in the yard so we left, David left, chained it back up and there was a few days later when we, when they allowed us back in and it was reported, now I can't verify this report that there was an additional water bill of over \$100 in that length of time. I don't know how that we could be responsible for that either because they won't let us in the yard and it's not really legal for them to do that but to keep things down, but this is a pretty huge thing , \$1000 is a lot of money. Now like you know it's a poor economy. All of our rents have went down, probably 20%. We have (inaudible)

Mr. Sostarich: So have my wages.

Mr. Ray House: What, yes?

Mr. Sostarich: I said so have my wages.

Mr. Ray House: Well I'm sorry about that but

Mr. Sostarich: That's the way of the Mercedes-Benz.

Mr. Ray House: I'll put a note in to Bom-bom right away and he'll take care of it. But anyway

March 10, 2014

Page 7 of 29

Mr. Sostarich: Don't mention my name.

Mr. Ray House: We had to lower our rent, we really did and everything is depressed. Now these people are just, she was working and something happened with her job, she was with the prison system or the Sherriff's Department or something and she's no longer with them but so he is doing his job by himself. I'm telling you this to let you know the financial situation. They're poor people.

Mr. David House: We're having a hard time even making repairs that we need to do, we know we need to do them, we don't have the money to do them.

Mr. Ray House: And that's the situation, not a good situation but we'd like you to consider that when you deliberate on this because it's a lot of money standing out like that especially when we don't really feel that if we'd been appraised of the situation and been allowed to fix it, it would have been done immediately, whenever we was told about it but it didn't happen like that so this is a situation that you know if we could lose and the tenants could lose and you could lose, the water district, I'm as an entity because you know if they have, if they feel like they're being put upon then the water is gonna be shut off for a while, you won't sell any water for them, I don't know how long, sometimes it's a month or two months before we get another renter cause people are not moving around much now so we just want you to consider that in view of the economics of it.

Mr. Young: I have a question.

Mr. Ray House: Yes.

Mr. Young: When they were notified, when Tony notified you about the leak

Ms. Ball-Cummings: I'm sorry.

Mr. Young: and you looked in to it, they wouldn't allow you on the property, could you have shut the water off at the meter?

(Inaudible, overlapping statements)

Mr. Ray House: At the meter, yes.

(Inaudible, overlapping statements)

Mr. Young: Get their response instead of having them wait on you that they would have been  
Mr. Ray House: You see that would have probably made them angry again but yes we could have had, it's not a win-win situation.

Mr. Young: No it's an economic situation.

Mr. Ray House: It's an economic situation. We did the best we could, as soon as we heard that there was a leak over there we went in there and looked at it and turned it off at the meter.

Mr. David House: We didn't do any fix, we just shut the water off

(Inaudible, overlapping statements)

Mr. Ray House: The outside water off and they turned the meter back on.

Mr. Young: Okay

(Inaudible, overlapping statements)

Mr. Ray House: The house had water but the outside perimeter didn't you see and that's where the leak was, the outside perimeter, the outside water line and it was just a valve and it covered with dirt like a lot of valves. I know you all don't have very many valves around.

Mr. Young: Oh yeah.

Mr. Ray House: And they're probably covered too but anyway.

Mr. David House: I would like to speak again.

Mr. Ray House: Go ahead.

Mr. David House: One of the misunderstandings that might be in place is that follow-up, he'd actually read the meter prior to, a week had gone by, there had been a renew of the meter reading of the meter and he came back and said we got a problem, you've got a serious leak and I ask him to read the meter right then and there. He said he did so when we shut the water off at the meter and cut the gate, shut the water off to the yard, turned the meter

back on, the house had water, the yard water was shut down. Tony had read the meter and it was my understanding that when he read that meter that was it and he said that was about \$868 or something like that and from his calculations and then the next month came and there was \$135 bill and pretty soon he got this big (inaudible) around this \$1000 bill that everybody's running from and you know I'm trying to you know just like everybody else is trying to, I'm not trying to be snide about it, it's just, it's crushing, it's crushing, it's a blow that you know you feel like you can have an allowance for a widow with one child, well we're renters, we're landlords and we have mortgages, we have taxes, we have a lot of overhead and our yearly statement is at a loss and we're not making scads of money and we have a problem just keeping up with our taxes.

Mr. Young: Yeah we can show you too, we're not making money here.

(Inaudible, overlapping statements)

Mr. David House: We're just asking for, just don't feel like we're driving around in Porsches, without a care in the world and asking for consideration.

Mr. Sostarich: You could bet your life that we're not considering that, that you're driving around in Porsches. I get around in bicycles, I know what kind of a neighborhood we live in.

Mr. Young: Okay speaking up about when you see a big water leak, that is not free water, when that pump is running out there and that electric gauge is turning and you got guys panicking to fix it, it's not free water you see going out there. We've taken it on the chin several times on major water leaks. And we can't go back to the customer and say you know we had a break.

(Inaudible, overlapping statements)

Mr. Sostarich: We have to answer to the State.

Mr. Ray House: The only major difference I can see is that you all, the water district is to be a non-profit.

Mr. Young: Definitely we are.

Mr. Ray House: We're non-profit, not because of the, we want to.

Mr. David: Even as an entity you have tax write-offs and this could be considered a tax write-off.

Ms. Ball-Cummings: Yes.

Mr. Sostarich: Did you read last months water bill, the water news that came out?

March 10, 2014

Page 10 of 29

Mr. David House: No sir.

Mr. Sostarich: Did you get your water bill?

(Inaudible, overlapping statements)

Mr. David House: Yes I got it, I haven't opened them yet.

Mr. Sostarich: Read the green piece of paper in the water bill. It's green.

Mr. Ray House: What did it say, principally?

Mr. Sostarich: Why don't you read it and then come back and bring this back next month.

Mr. David House: All right. You want us to do that and come back next month?

Mr. Sostarich: Yeah or next month or next meeting.

Mr. David House: Is this something that this thing

Mr. Sostarich: That's your homework assignment. I mean you ask us to consider this, right?

Mr. David House: Yes sir.

Mr. Sostarich: Before we rush you out the door before stabbing you in the back read the green piece of paper and then come back because I mean item 6 says discussion and possible action. We've discussed it and we'll hem and haw amongst ourselves, possibly under Administrative Details because we have somebody else here that is, has got an issue and they'll come up under item 7.

Mr. David House: If you'll excuse me I have an appointment.

Ms. Ball-Cummings: Thank you very much, appreciate it.

Mr. Sostarich: That's fine, you guys will come up on item 7 here.

Mr. Plumb: We're involved in this matter.

Mr. Sostarich: Oh you are?

Ms. Ball-Cummings: Thank you for coming.

(Inaudible, overlapping statements)

March 10, 2014

Mr. David House: We have to leave and have a good day.

Mr. Sostarich: You're involved in this too?

Ms. Plumb: Yes.

Mr. Sostarich: Are you the renters?

Ms. Plumb: Yes.

Ms. Ball-Cummings: Oh you are the tenants? What a pleasure to meet you.

(Inaudible, overlapping statements)

Mr. Sostarich: Jeffrey Plumb and Ms. Plumb.

Ms. Ball-Cummings: (Inaudible, overlapping statements)

Mr. Sostarich: Okay, speak.

Mr. David House: Have a good day.

Ms. Plumb: May I come up here?

Ms. Ball-Cummings: You may.

Ms. Plumb: Well let's see, my name's Michelle and this is my husband Jeff. In regards to the leak and then having to cut the lock to get on the property. We have a 4 year old son.

Mr. Sostarich: Yeah.

Ms. Plumb: So you know when I'm at home with him and I let him go out and play, because we have a gate, I lock it, we're pretty close to the road.

Mr. Plumb: That way he can't get out, don't want him running in the road.

(Inaudible, overlapping statements)

Mr. Sostarich: I know children, kids will be kids, you gotta keep an eye on them.

Ms. Plumb: Prior to us actually renting the property, we went and we looked around and you know decided whether or not we wanted to rent it and David did show us a little pond area. Prior to us renting it he did tell Jeff you know yeah you know this is a pond my dad put it in you know blah, blah, blah, it's you know whatever you want to do with it, do. We left it alone you know, it was dry, it's just this little concrete not even 2x4 little area and I kind of thought you know it's, we're gonna stay away from that, it's back behind the shed away from the house.

Mr. Sostarich: May I say something here for a minute and this will direct your forthcoming comments in a more accurate fashion.

Ms. Plumb: Absolutely, yeah.

Mr. Sostarich: All we're concerned about as a water district is which side of the meter the leak is on.

Ms. Plumb: Okay.

Mr. Sostarich: To our understanding that he's sub-letting the water district out to you, right? The meter what goes out, is the money in their name or the meter in their name?

Ms. Plumb: Yes.

Mr. Danielson: Yes, the meter is in their name, yeah. The property is in Ray's name.

Ms. Plumb: Yeah the bill is in our name. I just know that the pipes are underground. You know when I'm coming home from work and when he was coming home from work we never heard any water, we never noticed any water. I was home the day that David cut the fence and yes I was very upset because I was home alone and all of a sudden, you know I wake up at 11:00, having worked all night.

Mr. Sostarich: With a mean, hairy man cutting the lock on your gate. I could understand that.

Ms. Plumb: I didn't even know that he had been there until 4:00 in the afternoon cause I was home, I was inside you know.

Mr. Sostarich: With a little 4 year old kid.

Mr. Plumb: He wasn't there.

Ms. Plumb He was in daycare.

Mr. Plumb: He was in daycare, I was at work.

Mr. Sostarich: Yeah.

Mr. Plumb: I came home, it was about 4:30, 5:00, open the lock on the front gate and 2 links fall off on to the ground.

Ms. Plumb: Yeah.

Mr. Sostarich: And you find a hairy man with a chainsaw?

(Inaudible, overlapping statements)

Mr. Plumb: Actually I called my landlord, so I called David and I was like did you cut the lock or did you cut the chain? Yes I did, okay as long as it was you and nobody else, I don't have a problem.

Ms. Plumb: And when he explained that there was a water leak I was like by all means you know, honk your horn, I would have come out and unlocked it and because we were unaware.

Mr. Young: So the landlord had a contact number for you and you have a contact number for him?

Ms. Plumb: Yes.

Mr. Plumb: Yes, unfortunately the contact number only works when I am at home so it's basically a home phone.

Ms. Plumb: Yes.

Mr. Plumb: Prior to this he had been asking me for a key to the gate. Only the one I could give him back in December was for those back three gates, cause there's one for each one, for all three of those locks then it's a different one for the front, so he did have a key to get on the property.

Ms. Plumb: It may not have been the front gate key that he was wanting but he did have access to the property at any time and continues to have access to the property at any time. It may not be the front gate but he does have access to any because the other adjoining properties have gates from ours to theirs.

Mr. Sostarich: What you guys are describing is a matter for a legal issue. We're only concerned about the water bill and who's gonna pay it.

Ms. Plumb: I understand, it's just that

(Inaudible, overlapping statements)

Mr. Plumb: Basically

Mr. Sostarich: There's always extenuating circumstances and that's what you're describing, you got a 4 year old kid.

Mr. Plumb: As a family with a 4 year old son and we really cannot afford this.

Mr. Sostarich: A hairy man with a pair of bolt cutters.

Ms. Plumb: When we heard about it I immediately came down here and ask for a printout of from the day we moved in until recently. I have that in our vehicle to show that you know our normal bill was about 38 to \$40 at the most.

Mr. Plumb: It varied from 30 to \$40.

Ms. Plumb: In December it jumped up to 80 and I'm going we had family over.

Mr. Plumb: We assumed that maybe we just used more.

Mr. Sostarich: Do you guys get a water bill yourselves?

Mr. Plumb: Yes.

Ms. Plumb: Yes.

Mr. Sostarich: did you examine your water bill this month?

Mr. Plumb: Yes.

Ms. Plumb: Yes.

Mr. Sostarich: Did you read the green letter?

Ms. Plumb: Yes.

Mr. Sostarich: What did it say?

Ms. Plumb: It was about the insurance and how people are not being able to get it.

Mr. Sostarich: No the bottom line of it is this company is about to fail because of Health Insurance.

Mr. Plumb: I understand.

March 10, 2014

Mr. Sostarich: That's the bottom line. We are sunk. This company will fail unless we can come up with some means of dealing with this crisis.

Mr. Plumb: And that's another financial burden that I've had to take on this coming year. We don't have health insurance, not only for me, for her and our son.

Mr. Sostarich: You're not alone. This company unless we can find a way around it, this company will fail in spite of the fact that we've had, we actually made a profit last year, not a big one, not enough to pay for the repairs that we're doing. This company is sunk because of that. That's where we're at, this is gonna happen unless we can find a way around it. It's as simple as that, so Mr. House you better think about finding another means of supplying water, unless we find a way out of this healthcare issue, we're all finished. Our property, your investment, your house, kaput. The county will take over, they'll strip you, they'll bleed you white.

Mr. Ray House: Are you finished with these or can I speak to you or not?

Mr. Sostarich: I'm waiting for Mr. Danielson's input on this.

Mr. Ray House: Who?

Ms. Ball-Cummings: The System Manager.

Mr. Sostarich: We've heard from you, we've heard from them, the basic bottom line that has any meat is that, you guys, it happened on your end of the water meter. What have you got to say about this?

Mr. Ray House: Yeah.

Mr. Danielson: Well this is not the first time that there has been a leak between the meter and the house or in the yard somewhere that the renter did not know about, that the landlord did not know about, and the District did not know about until we read the meters. It's also entirely possible and we have run, have people run up \$1000 or \$1200 in a leak in a month's time and nothing ever show on the surface or anything like that. The only way to know it was happening is for them to go out and for them to read the meter. That being said it's really up to the Board, I can go either way on this, whether providing relief, full relief, providing partial relief or saying sorry Mr. House Sr. and Jr. You're gonna have to pay it, you're, it's part of the business you're in.

Mr. Sostarich: Is there any chance that this could be another one of those meter incidents, involving The Bermuda Triangle?

Mr. Young: No, it's on the property.

Mr. Danielson: Absolutely not, it was on the property. As soon as the yard water was shut off the meter stopped spinning.

Mr. Sostarich: Like that Malaysian Airliner that disappeared?

Mr. Young: How old is the water service going to the house?

Mr. Ray House: 50 years, or 25 going to the house, about 25.

Mr. Young: What is it?

Mr. Ray House: Huh?

Mr. Sostarich: Okay

Mr. Young: What kind of, PVC, steel?

Mr. Ray House: PVC, yeah but it was a valve that needed to be turned off and if we would have been appraised of the situation it would have been easy to have found it and since it, I already know about the Chairman, I knew about the money that was gonna be raised for the insurance and so forth so next month maybe we can kind of, we can have this out before next month.

Ms. Ball-Cummings: Sure would be nice.

Mr. Sostarich: Well you guys want to discuss it under Administrative Details or haggle this thing out now?

Ms. Ball-Cummings: I'd go and table it.

Mr. Sostarich: You want to table it til next month? It was already suggested that he read his green letter.

Ms. Ball-Cummings: Yeah and then he can come next month at his convenience when we have our meeting you know.

Mr. Sostarich: He just ask us a few seconds ago to have it settled by next month.

Ms. Ball-Cummings: Well it's either way whichever works the best for the company, well for him and the company. That's my opinion.

Mr. Sostarich: Any comments, Mr. Young?

March 10, 2014

Mr. Young: Well we can vote on it now or we can whatever you want to do.

Mr. Sostarich: What about you Mike?

Mr. Sniffen: Was this a 2 month bill that totaled out to the thousand or was it just a one month bill?

Mr. Danielson: Two months, 800 one month and 150 or 160, something like that.

Mr. Sniffen: After the first month, they didn't question about it?

Mr. Danielson: Well December was the first month.

Mr. Young: That was the major leak?

Mr. Danielson: The major leak occurred for the month of January.

Mr. Young: Okay.

Mr. Danielson: There looks like there was some lead-in in December because their bill was about double what it had been in November so the leak probably started occurring in the latter part of December. When during the month of January we're reading meters and that's the first area we do is the South end. By the time we get in to the highs report and misread report, it could be with a weekend, a week later before we're going out and doing our rereads and say hey wait a second, got a major leak here. You know so it could have gone a week by the time we read the meter and that would have shown up in the next months usage.

Mr. Sniffen: But what I'm asking is when they, the bill was doubled in December or January whatever, did they pay the bill at that time, the whole amount?

Mr. Danielson: Yes they paid the full amount in December, yes.

Mr. Sostarich: So these are essentially reliable customers, is what you're saying?

Mr. Danielson: Yes.

Mr. Sostarich: Well Mr. Young you said whatever.

Mr. Young: Uh-huh.

Mr. Sostarich: Okay we got 3 options. Option number 1 is kill them all and let God sort them out, in other words, somebody pays the whole bill. Option 2 is to divide the cost



Mr. Sostarich: Anybody else for option 1? There's 2 for option 1. You?

Mr. Peetoom: Option.

Mr. Sostarich: Option 1?

Mr. Peetoom: Uh-huh.

Mr. Sostarich: Teresa?

Ms. Ball-Cummings: Yes I do agree, I believe that they need to work it out

Mr. Sostarich: Let them handle it, kill them all and let God sort them out?

Ms. Ball-Cummings: Now I did not hear it from the very beginning, I don't think I missed anything but if his, just in between the 2 properties and it's not our problem, you know on our side, then yes I think that's the best way to go.

Mr. Sostarich: Okay, we got 4 for item number 1.

Mr. Young: What's your vote?

Mr. Sostarich: I'm abstaining.

Ms. Ball-Cummings: Oh Mister Chairman's abstaining.

(Inaudible, overlapping statements)

Mr. Sostarich: Oh yeah, yeah I'm not get, I wrote the newsletter, I'm not gonna take the blame for this. Okay you guys sort it out amongst yourselves. That's the end of that.

## **6. Discussion and Possible Board Action Concerning Financial**

## **Sub-Committee**

Mr. Sostarich: Sig?

Mr. Danielson: We have had several customers in the office saying that we had noted that the rate increase had incurred, they ask some questions about it but no one had had any major objection to the rate increase. Some of them have made the comment that they thought well I was wondering why we haven't seen rate increases over the years. But generally we've got nothing but positive comments about the rate increase. Okay the second thing

is regarding insurance; Patty Margraf who has been our Aflac representative for the last several years has joined The Miller Insurance Agency. Patty has joined the Miller Insurance Agency.

(Inaudible, overlapping statements)

Mr. Sostarich: Excuse me I was just momentarily distracted. Can you back up to the beginning of this idea that you're not presenting?

Mr. Danielson: Okay do you want me to just start from scratch?

Mr. Sniffen: Please.

(Inaudible, overlapping statements)

Mr. Danielson: Okay, we've had several comments about the rate increase as they've been coming in and paying their bills. Once it's explained to them, they're basically they're okay with it. Some people have said it's about time, it's long overdue, knowing what the condition is, they're surprised that it hasn't happened already. So there's been no real negative comments' regarding the rate increase.

Mr. Sostarich: It's been favorably received?

Mr. Danielson: It's been favorably received, especially when it's been explained to them what's going on. The second item under Financial Sub- Committee, we have been speaking with Patty Margraf, and I can't remember her first name, Miller of The Miller Insurance Brokers. Patty has joined The Miller Agency and she has been our Aflac representative for about 10 years I would say. The Miller Agency now represents the Hartford who we currently have our Workman's Compensation Insurance through. The company is The Hartford. The broker at this time is Hill and Usher out of Phoenix. Our General Liability Insurance is through Glatfelter Insurance Group and the local broker is the Mahoney Group. Miller represents both of them as well as Aflac and they are willing to work with us on Healthcare Insurance that no we do not have to go to Cbiz any longer who Pima County shipped us over to. We've been exploring the possibility of going back, would Pima County take us back a year later? No absolutely not. So Patty and Ms. Miller were receptive to the idea that Wes proposed, and we've talked about it a bit internally for the employees. Maybe I'm with Aflac, maybe Tony is with United Health, maybe Theresa is with Blue Cross, Blue Shield getting, if it's gonna be an individual type basis, where can each particular set of individuals go in order to get the best deal for the District while matching what Pima County is gonna do for their employees next year? One of the things that is holding us up is we don't know what Pima County is gonna do next year and we probably will not know for another couple of months.

Mr. Sniffen: But didn't Mr. Addison say that we could not have to do exactly as Pima County did? We could rewrite our handbook because of the fact is if they're not gonna cover us through their thing, then why would we have to follow their handbook?

Mr. Sostarich: There's a more important question that leads up to and I'm glad that you asked it. The way the manual is written, Pima County kind of cut us off at the knees with this.

Mr. Danielson: Yes.

Mr. Sostarich: Now if they went off, spiraling of toward Pluto or some place in oblivion, are we binding to what they're doing now, or was it as is when the contract was written, when the personal manual was written? Cause they altered the paradigm here.

Mr. Young: Yes they abandoned us period, right, correct.

(Inaudible, overlapping statements)

Mr. Sostarich: Yeah, I'm not saying that, suggesting that we abandon our employees at all.

Mr. Young: No, no.

Ms. Ball-Cummings: Jeez. (Inaudible)

Mr. Danielson: Back, completely different composition of the Board of Directors ago, who were removed for office when Mike and Anthony came on, they were looking very hard at stripping employee benefits.

Mr. Sostarich: Kind of like our Government is doing with our Military, right?

Mr. Danielson: Correct and Don and Teresa were on the Board at the time and will remember and understand that we had the attorney attend every meeting.

Mr. Sostarich: Ratcheting up the

Mr. Danielson: At \$75 per hour.

Mr. Young: Well let's not go there cause that's not gonna happen.

Mr. Danielson: No but one of the things that came out of that was that the personnel policy manual, i.e., insurance benefits, vacation benefits, sick leave benefits, that type deal, holidays, etc., etc. All of that represented basically and employment contract between The District and the employee. Now if the District opted to say, all right we're gonna go from 12 holidays to 6 holidays per year, that's fine. New hire employees would have only 6 holidays per year, however employees who were hired under the 12 holiday personnel policy manual would retain all 12 holidays. Very similar thing with Health Insurance. If you're matching Pima County at the time, you can change it for new employees and say, okay you have to go in the, we give you an allowance for Healthcare and you have to go and find your own Healthcare but we'll send whoever X number of dollars a month for your Healthcare.

Mr. Sostarich: I think you're neatly and creatively sidestepping the issue here. Here this is an arbitrary date, this was when the contract was written. We will hold, have Healthcare matching the County here. Here on this date, the County changes everything, they kick us out. Here on this date the County decides to screw their employees by throwing everybody under the bus, does that mean we match them, go down the road with them there too?

(Inaudible, overlapping statements)

Mr. Danielson: That's where I was going with this is, I don't know, without getting some legal advice, which I will do, on where we're at as far as changing the Healthcare Policy for the employees. Can the Board change that or can the employees hold the Board to what Pima County is doing as long as Pima County is providing employee benefits. You're asking me a question I really can't answer.

Mr. Sostarich: Well my personal thoughts on the subject is to do as much that's within our power to maintain what was there when we were under the County.

Mr. Danielson: Correct. That is what I and Theresa are trying to do with Brokering this insurance or trying to shop around on this insurance.

Mr. Sniffen: But like Mr. Addison said we cannot afford paying that kind of money out or we're not gonna be here.

Mr. Danielson: No we can't afford that.

(Inaudible, overlapping statements)

Mr. Young: Right.

Mr. Sniffen: We're not gonna be here if we continue paying those kind of benefits. We're done. He said it and it's right here in these minutes here. He said we cannot afford to do what Pima County was doing. If Pima County don't represent us anymore so basically he told you, I heard him tell you, you just rewrite your handbook then.

Mr. Sostarich: We're finished.

Mr. Young: Well that's (Inaudible)

Mr. Sostarich: He wasn't saying that we can't afford what the County is doing. He was saying we can't afford what \$85,000 now, that's what it's gonna balloon up to next year. What we had in 2013 and the numbers given in these were slightly lower and slightly higher on both ends of the scale was barely manageable, what he said. But the direction that it's going, we can't afford that. We will fail as a result. We will fail as a company if we try to match these Health Insurance.

Mr. Danielson: One other possibility that I have not looked in to and I don't even know if it's possible since Healthcare is available through the Arizona State Retirement System. I don't know if we could fall under that rule still having active employees because if I were to retire and say I was offered 3 months and say something happened and you guys came back and say, we need you to come back as a full time manager, this is what we'll pay you, etc., etc. I would then come back to work here. That would suspend my retirement because I went back to work for a year or for that matter any other Arizona State Retirement System Employer. That would put my retirement on hold but it might not put my insurance benefits through the retirement system on hold. So that's just another question that I have that I can't answer.

Mr. Sostarich: Here's one question that you might be able to answer because you're more connected than I am. If this company does fail because these Health Insurance burdens that we're unable to sustain, would that make us eligible for Federal Grants and loans through some of the state things that you had mentioned are gonna give money to failures now the people that have diarrhea outbreaks and all that? Do you follow what I'm saying?

Mr. Danielson: Probably not, what would happen is if this District were to fail, what would happen is the Pima County Board of Supervisors would take over this District. Then once a month the Pima County Board of Supervisors would sit as The Marana Domestic Water Improvement Board of Directors at one of their regular Board of Supervisors meetings and take care whatever was required within the District. Then they'd move on, they currently do this for 6 or 8 Districts that have failed and have gone back under Pima County right now. I talked to a System Manager for a water district up in Mohave County where their Board, there was so much infighting on the Board, the County Board stepped in, threw the local Board off, out of office and took it over. He said I have to go in front of the County Board of Supervisors once a month as the manager and answer to them as the manager on what's happening within the district. He says however on a day to day basis, The County Board of Supervisors has placed me under administrative control of The Superintendent of Public Works.

Mr. Sostarich: So we would just be a footnote on a county board level, in their board meeting.

Mr. Danielson: Correct.

Mr. Sostarich: Would they pull you out and plug in their own people, pull out our employees?

Mr. Danielson: Entirely possible. What I would think would happen is the County would take it over and turn administrative control over and turn operation over to Metro Water.

Mr. Sostarich: Well if the County did take over and I'm considering all possibilities here. If they did, if the company did fail and they did take over, would you and the other employees have any kind of seniority in the county system?

Mr. Danielson: None.

Mr. Sostarich: So you'd be left to flounder?

Mr. Danielson: Yes.

Mr. Sostarich: Thanks a lot. Okay, that's all I needed to hear for now.

Mr. Danielson: Okay I believe that, I've said everything I want to say concerning The Financial Sub-Committee and what we're tasked with doing.

Mr. Sostarich: Any questions or comments about item 6?

Ms. Ball-Cummings: No.

Mr. Sostarich: I heard a noise.

March 10, 2014

Page 25 of 29

Ms. Ball-Cummings: Nope.

### **7. Call for Public Comment (limit 3 minutes)**

Mr. Sostarich: We have 2 members of the public present, 1 is now absent and I believe neither of them have anything to say, is that correct?

Ms. Sostarich: Yeah.

Mr. Walker: I have nothing to say.

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

Mr. Sostarich: At the present moment I have nothing to address, anybody else?

Mr. Young: Well I think we should talk about you know, all of us (Inaudible) I think that if we're not here on time that don't bother, that's my, you know what I'm saying?

Mr. Sostarich: Well there's, sometimes you can't help it. One time I lost track of time and I was out eating at the Chinese restaurant.

Mr. Young: Really? Well last meeting I didn't show up because I had my wife at the chiropractor. I knew about the meeting and I completely forgot.

Mr. Sostarich: Well those things happen.

Mr. Young: They do happen, but what I'm saying is that

Mr. Sostarich: Be on time or don't show up.

Mr. Young: Yeah, give them 5 minutes and if not in 5 minutes, well then.

Mr. Sostarich: You want to make a movement on that?

Mr. Young: Yeah, I'll make a motion on that.

It was moved by Mr. Young; seconded by Mr. Sniffen and carried that;  
**If we're not here on time that don't bother.**

**4 Ayes**

**0 Opposed**

**0 Absent**

Ms. Ball-Cummings: Unforeseen circumstances that arise all the time, what do you do about something like that in my case? I'm looking at 3 major surgeries right now.

Mr. Sostarich: We just voted on what he just said, did you understand what he said?

(Inaudible, overlapping statements)

Ms. Ball-Cummings: That's part of what he's talking about.

Mr. Sostarich: He's saying if you can't show up, rather than call in late, just call in sick.

Ms. Ball-Cummings: I'd rather be late than not show up at all, I mean especially since I'm going through this major illness going on with me.

Mr. Sostarich: We've had 4 ayes on this and I take it your comments are designed to oppose.

Ms. Ball-Cummings: This is very important, yes.

Mr. Sostarich: 4 yeses and 1

Ms. Ball-Cummings: I cannot help the situation at the present time because I cannot do these surgeries myself.

Mr. Sostarich: According to The Girl's Scout Manual, the motion carries, so the motion is show up on time or not at all.

Ms. Ball-Cummings: So there's no discussion on that whatsoever?

Mr. Sostarich: Any other Administrative Details?

Ms. Ball-Cummings: No discussion, Mr. Chairman on that at all, is that what you're stating to me, no discussion on that situation?

Mr. Sostarich: We voted, the motion carried.

Ms. Ball-Cummings: Yeah but this wasn't even, this goes under Administrative Detail, then it should have been spoken ahead of time, stating that

Mr. Sostarich: He made a motion, it was voted on, the motion stands.

March 10, 2014

Ms. Ball-Cummings: I think it was unruly done.

Mr. Sostarich: Well that's too bad what you think.

Ms. Ball-Cummings: It's too bad what I think?

Mr. Sostarich: You need to start to showing up on time or don't show up at all.

Ms. Ball-Cummings: You need to

(Inaudible, overlapping statements)

Mr. Sostarich: You got that, do you understand that?

Ms. Ball-Cummings: You don't need to yell at me in that manner, you don't have the right. You are a human being and I'm a human being.

Mr. Sniffen: Hey, hey. I have something else yet under

Mr. Sostarich: Yes?

Mr. Peetoom: Okay April 14 at 4:00 P.M. is the new, next meeting.

Mr. Young: April14?

Mr. Peetoom: April 14.

Mr. Sniffen: I have something I want to

Mr. Sostarich: Yes Mike what do you want to say?

Mr. Sniffen: On that letter that was put in the newsletter, I was offended by the wording of the newsletter, my wife was offended by it, I just don't think it was proper the way it was wrote and I just want to

Mr. Sostarich: Your comments are noted, next time you can write the letter.

Mr. Sniffen: I don't write letters, but I just don't think that was appropriate.

Mr. Sostarich: Okay, okay. That's fine.

Mr. Young: Would you want to have input on the next letter?

Mr. Sniffen: Sure if somebody would ask I would have told them yes or no but I just don't think that was an appropriate letter, the wording of it.

Mr. Sostarich: I volunteered to write that letter because I was pissed off and it was designed to grab people's attention, it wasn't intended to offend anybody and if it offended you and Kathy, I'm sorry but that wasn't the intent but I think this situation needs to be put in the strongest possible terms and there should be no mistake about the dire straits that we're in and I have no other way of putting it. If Sig wrote it, it probably wouldn't have been as strong and it probably wouldn't have been offensive. I wrote it because I think that Sig has enough on his plate right now and I wanted to relieve him of his burdens a little bit. If it offends anybody else I will not write any more letters or better yet if I do write another letter I'll pass it before you for a check, how does that sound?

Mr. Sniffen: That's okay, I just

Mr. Sostarich: Okay. I don't want to offend anybody. I do want to get people involved and I do want to inform them of the gravity.

Mr. Sniffen: I understand the need.

Ms. Ball-Cummings: It's just offensive.

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

**The next scheduled meeting of the Marana Domestic Improvement District Board of Directors shall be on 14, 2014 at 4:00 P.M. at the District Office**

**Water  
Monday, April**

## **10. Adjournment**

It was moved by Mr. Peetoom; seconded by Mr. Sostarich and carried that; **This meeting of the Board of Directors of the Marana Domestic Water Improvement District shall be adjourned at: 5:05 P.M.**

**4 Ayes**

**0 Opposed**

**1 Absent**

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