

INSCRIPTION CANYON RANCH SANITARY DISTRICT

PO Box 215 Chino Valley, AZ 86323

~ Regular Meeting ~

February 10, 2021

Approved March 9, 2021

Date: Wednesday February 10, 2021

Time: 2:00 p.m.

Place: WingSpace Conference Room - 371 Garden Street, Prescott, AZ

1. **CALL TO ORDER** *Mr. Summers called the meeting to order at 2:00 p.m.*
2. **ROLL CALL** *Present were: Bob Summers, Board Chairman; Jerry DeSantis, Board Member; Jeff McLeod, Board Member; Bill Whittington, Legal Counsel; Bob Busch, District Manager; Isabel Yribe, Clerk.*
3. *Mr. Summers made a motion to* **GO INTO EXECUTIVE SESSION: For discussion or consultation for legal advice with the attorneys of the Inscription Canyon Ranch Sanitary District pursuant to A.R.S. § 38-431.03(A)(3) and discussion or consultation with the attorneys of the Inscription Canyon Ranch Sanitary District in order to consider its position and instruct its attorneys regarding the District's position regarding contracts that are the subject of negotiations, or in conjunction with pending or contemplated litigation, or in settlement discussions conducted in order to avoid or resolve litigation pursuant to A.R.S. Section 38-431.03(A)(4) re:**
 - A. **Talking Rock Land, LLC vs ICRSD, Case No. P1300CV201800380 and Case No. P1300CV201900298 including, but not limited to: the remand to the lower court; possible mediation negotiations with Developer; Possible direction to the attorneys of the Inscription Canyon Ranch Sanitary District relating to the mediation and mediation -related issues**
 - B. **Possible direction to legal counsel relating to the declaratory action filed by Allied World Specialty Insurance Co., relating to insurance coverage in the Talking Rock litigation***Mr. Summers added item 7A. of the agenda regarding open meeting law issues and item 7D regarding Planning Committee issues to be included in executive session.*

Mr. DeSantis seconded the motion. The motion passed unanimously without discussion.

During the Executive Session, the public will be asked to leave the Board meeting until the general session is re-convened

CONVENE INTO EXECUTIVE SESSION: 2:03 p.m.

RECONVENE INTO PUBLIC SESSION: 3:00 p.m.

1. CALL TO ORDER

Mr. Summers called the meeting back into order.

2. ROLL CALL

Present were Mr. Summers, Board Chairman; Jeff McLeod, Board Member; Jerry DeSantis, Board Member; Bill Whittington, Legal Counsel; Bob Busch, District Manager; and Isabel Yribe, clerk.

Members of the public on teleconference: Charles Lehr, Mark Arnold, Ray Damesek, Bob Fritch

3. CALL TO THE PUBLIC

There was no response from the public at this time.

4. REPORTS

Chairman's Report

Mr. Summers read the following:

Again, I will report, the Talking Rock Land, LLC lawsuit against the Sanitary District appears to still be on hold while the parties wait for the Federal Judge to rule on the declaratory action filed by the District's Insurance Carrier, Allied World Specialty Insurance Company, in Federal Court. There is still no indication by the Judge when the ruling will be issued. The plant expansion planning committee met January 28th and three sub-committees were formed to focus on the future required plant expansion. One sub-committee will investigate the expansion options, one will focus on the financial requirements and the third committee will deal with the regulatory requirements. I am chairing the sub-committee investigating the options available for plant expansion. This subcommittee met yesterday at the plant to view the current facilities and discuss options with the plant operator. The sub-committee dealing with regulator issues is planning a meeting for tomorrow. I also believe the finance committee has been doing research and will meet when necessary. I am glad this is moving forward, the rapid addition of new homes in our area is accelerating the need for a plant capacity increase. The plant is approaching the 80% capacity threshold requiring the planning of an expansion, it is good to be ahead of this requirement and the goal is to stay ahead of the mandated expansion schedule.

Manager's Report

Mr. Busch reported that the plant output for January 20201 was 2,045,608 gallons. He said that it averaged 65,987 gallons per day. Mr. Busch stated that the highest usage day was on January 1, 2021 with 89,000 gallons. Mr. Busch stated that there were 22 days in December that recorded over 60,000 gallons per day. He also stated that there were 26 days with usage of over 60,000 gallons and 7 days with usage of over 70,000 gallons. Mr. Busch stated that ADEQ has agreed to consider the repurposing pond at the wastewater treatment plant and sludge processing area. He stated that Civiltec was to propose a plan for inspection and testing of the pond to the District and then submit an amendment of the APP to ADEQ. Mr. Busch stated that there were two line blockages on Harmony Lane in Whispering Canyon. He stated that both blockages were due to check valves having been installed backwards at the main line. He also stated that the houses on the same side of the street could expect to have the same issues with blockages. Mr. Busch stated that it was currently the District's responsibility unless they could find the original contractors who originally installed the check valves. Mr. Busch stated that Derek Scott should be signing off on these valves as indicated in a recently passed policy. Mr. Busch stated that he has coordinated with the District's CPA and Arizona Utility Billing to reconcile the balance sheet in response to Mr. McLeod's concerns from a previous meeting. Mr. Busch stated that Whispering Canyon engineers sent a proposed detail for connection of lateral lines in phases 5 thru 7. He stated that the detail provides for a 24 inch depth at the property. Mr. Busch stated that the

regularly held meetings for the District had recurring conflicts and asked if the regular District meetings could be held on the second Tuesday of the month, instead of the second Wednesday of the month. The Board agreed to the second Tuesday of the month by way of consensus.

5. CONSENT AGENDA (Routine items that may be approved by one motion) Minutes of Meetings

- **Minutes of Executive Session – January 13, 2021**
- **Minutes of Public Meeting- January 13, 2021 Reimbursement to District Manager (\$65.00)**
- **Wingspace- Conference Room and Speaker Phone rental (February 10th) (\$50.00)**
- **Wingspace – Conference Room rental-Development Subcommittee- Feb 11th (\$15.00)**

Mr. Summers made a motion to approve the consent agenda. Mr. DeSantis seconded the motion. The motion passed unanimously without discussion.

6. OLD BUSINESS

- A. Discussion and possible action re: Talking Rock Land, LLC vs ICRSD, Case No. P1300CV201800380 and Case No. P1300CV201900298 including, but not limited to: the remand to the lower court; possible mediation negotiations with Developer; Possible direction to the attorneys of the Inscription Canyon Ranch Sanitary District relating to the mediation and mediation -related issues.** *There was nothing to report on this agenda item at this time.*
- B. Discussion and possible direction to legal counsel relating to declaratory action filed by Allied World Specialty Insurance Co., relating to insurance coverage in the Talking Rock litigation.** *There was nothing to report on this agenda item at this time.*
- C. Discussion and possible changes or reassignment of Responsible Corporate Officer in connection with matters concerning ADEQ.** *Mr. DeSantis reported that he was the official responsible party representing the District with ADEQ.*
- D. Discussion and possible approval to assess late fees for delinquent user fees.** *There was a brief discussion regarding the appropriate course for charging residents late fees. Mr. Summers made a motion to include a statement with the next billing cycle stating that the District would follow its policy to assess late fees at the rate of \$5.00 for any fee delinquent more than 15 days after the due date on the bill. For any fees unpaid after the delinquency date, residents will accrue interest at the rate of 10% per annum. Mr. DeSantis seconded the motion. The motion passed unanimously without further discussion.*

7. NEW BUSINESS

- A. Training from District Legal Counsel on Open Meeting Law issues and Board Member roles and responsibilities. The Board may vote to go into executive session pursuant to A.R.S. §38-431.03(A)(3) This matter was partially addressed during the Executive Session of this meeting.**
- B. Discussion and possible action re: Approval of financial reports for December, 2020.** *There was a brief discussion regarding the discrepancies on where totals were being placed in the financial report for December 2020, Mr. Summers made a motion to approve the financial report for December 2020. Mr. DeSantis seconded the motion. The motion passed unanimously without further discussion.*
- C. Discussion and possible confirmation of the official name of the District.** *Mr. McLeod had concerns regarding the inconsistency of District communications/records having varying names. (ICR Sanitary District/Inscription Canyon Ranch Sanitary District) Mr. Summers made a motion that the District change the documents to reflect the District's official name to: ICR Sanitary District. Mr. DeSantis seconded the motion. The motion passed without further discussion.*

D. Discussion and possible action re: Planning Committee subcommittee discussion and possible action. Sub-committee discussion and possible action to authorize sub-committees to contact necessary information sources. *There was no action taken for this agenda item at this time.*

E. Discussion possible action concerning access and security of District records in electronic form. *There was a brief discussion regarding Mr. Busch being the only person who had access to District electronic records at this time. Mr. Summers made a motion that Mr. Busch be authorized to set up security access for the Board Members. Mr. DeSantis seconded the motion. The motion passed unanimously without further discussion.*

F. Declaration of Emergency Action *Mr. Busch stated that the District's payment to Talking Rock Ranch, LLC was due by January 31, 2021. Mr. Summers stated that since it was now February, this payment would have to be made immediately and declared it an Emergency Action. Mr. Summers moved that Mr. Busch be authorized approve payments to Talking Rock Ranch, LLC for \$37,445.57 and to Old Capitol Investments of \$9,361.39 on behalf of the District. Mr. McLeod seconded the motion. The motion passed unanimously without further discussion.*

8. ADJOURNMENT

Therefore, the meeting was adjourned at approximately 3:50 p.m. .

Board Clerk

Date