

City Corporation  
Board of Directors' Meeting  
Huckleberry Creek Reservoir  
Tuesday, May 21, 2013, 4:00 p.m.

PRESENT:

Directors:	Don Guess Frank Russenberger Harold Barr	Art Jones Luke Duffield
City Corp:	Steve Mallett Kenny Lutz Rena Taylor Randy Bradley Jeremy Myers Ricky Biffle	Jim Lynch Larry Collins Lance Bartlett Brenda Austin Darryl Ferguson
Others	Bob Hardin Clint Bell Stephen Jeffus	Aaron Stallmann Andrew Pownall Oren Noble

Chairman Guess called the meeting to order at 4:00 p.m.

Approval of the April 2013 Minutes: Art Jones made a motion to approve the minutes. Frank Russenberger seconded. Minutes were approved as presented.

Review and Consideration of the April 2013 Financials: On the water side, revenues were 3.6% (\$15,245.61) under budgeted amounts for the month. The yearly variance is running 0.60% less than budgeted amounts. Total Operations & Maintenance (O&M) expense for the month was 0.2% under budget (\$587.83). The O&M budget amount was \$382,522.00 with the actual O&M monthly total being \$381,934.17. The yearly variance is 2.3% (\$99,052.42) over projected budget. The net income for the month was 31.3% (\$14,694.74) less than the budgeted income. On the sewer side, revenues were 7.1% (\$23,142.49) under projected amounts. The budgeted revenue was projected to be \$326,065.00 with the actual total revenue being \$302,922.51. The yearly variance is 4.4% (\$145,437.22) under budget. Total O & M expense was \$80,575.27 over budget. The yearly variance is 13.1% (\$498,225.32) under budget projections. The net income for the month was 70.8% (\$57,733.78) less of a loss than anticipated. Frank Russenberger made a motion to approve the April 2013 financials. Art Jones seconded. The Financial Report was approved as presented.

Chief Operating Officer Report: Steve Mallet gave an update to the Board regarding several items that he has been working on recently. Among those items, he addressed the hiring of Lance Bartlett as Utility Engineer on April 18, 2013. Mr. Mallett also mentioned a staff retreat to the Reservoir last Friday, May 17, 2013. A tentative meeting was set for Monday, June 10 for 2:00 p.m. for another budget work session with the Board. Mr. Mallett reported that the walls are up on the PCW Dechlorination building and the contractor expects to complete the project on time and within budget. The City Corporation Wellness Committee held a Wellness Fun Day on Saturday, May 18, 2013, at Washburn Park Pavilion in Russellville. Several employees attended and brought along family members.

Signatory Resolution for Financial Affairs: Harold Barr made a motion to approve a resolution to name Steve Mallett, General Manager, and Hope Penman, CFO, as signatory agents for financial affairs for the utility. Art Jones seconded. Resolution passed as presented.

Capital Projects Status Report: Aaron Stallmann with Garver Engineers updated the Board on the 23<sup>rd</sup> Street Gravity Line, the Carbon Feed System Replacement at the Water Treatment Plant, and Western Hills Tank Painting Project.

Operating Reports: Collins reported that all operations had run smoothly for the month. Plant staff has been busy this month with painting and mowing. The elevation of the reservoir is at 459.5 which is 0.8 feet down. The lake was two feet down this time last year. Mr. Collins also pointed out that there were 13 violations this month for the PCW Facility. Included in the Board packets was a copy of the latest blending letter sent to ADEQ.

Consent Administrative Order Update: Clint Bell introduced the newest member of CWB Engineers, Oren Noble. Mr. Bell gave an update of the CAO. Mr. Bell explained that City Corporation has fulfilled all requirements of the CAP with the exception of submittal of the plans and specifications for construction projects and annual CMOM submittals. City Corporation held a review meeting on May 8, 2013, to discuss the CAO and recent treatment results at the plant with Alan Anderson from ADEQ and it was advised that a meeting was not necessary at this time. Stephen Jeffus with RJN Group gave a brief presentation on the Sanitary Sewer Evaluation Survey which is ongoing.

PCW Plant Design Update: Andrew Pownall gave the report on the PCW Plant Design Update. He reported the Schedule I project is in the construction phase. The building foundation was installed and the masonry block wall was also installed. A standing monthly progress report is scheduled for the second Wednesday of each month. The Schedule II Project contract was signed on May 3, 2013. A Value Engineering (VE) session was conducted with City Corporation personnel and CDMSmith. The intent was to remove items that will not negatively affect the process and still give a quality project. A Notice to Proceed is expected in June.

Bid Items: A bid opening was conducted on May 10, 2013, for the North Phoenix Utility Relocation Bid. There was one bid received in the amount of \$47,216.06 from Willis Parks

Construction, Inc. The bid came in 23% higher than the engineer's estimate of \$38,494.88. Crafton Tull's project engineer, Bart Mink, tabulated the bid and identified the over run to be primarily two items. After much deliberation and review, the staff of City Corporation recommends acceptance of the bid as presented. Frank Russenberger made a motion to accept the bid. Art Jones seconded. The motion passed. Additionally, the "H" Street and Parker Wastewater Improvements project was bid by the City. Art Jones made a motion to authorize City Corporation to reimburse the City up to \$600,000 on the project based on staff recommendation. Any additional funding required should come before the board for approval. Luke Duffield seconded. Motion passed.

Art Jones made a motion to adjourn. Frank Russenberger seconded. Motion carried. Meeting was adjourned.

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C. Frank Russenberger, Secretary