

**Minutes, Green Valley Water District
January 12, 2017**

1. Call to Order at 9:30 AM by Chairman R. Hedden

Roll Call: Clerk of the Board

Board Present: Patricia Carlstad
Michael Cochran
Robert Hedden
Len Murphy
Richard Newman
Curt Wagner
John Wilson

Board Absent: None

A quorum was announced

2. Conflict of Interest Forms:

The Conflict of Interest (COI) policy sheets were distributed to all Board Members. The signature form was passed to verify that each board member has reviewed the COI policy and by signature confirmed no conflict of interest. A COI disclosure form was filled out by M. Cochran and is attached to the signature form. Both the signature form and the disclosure form are attached to the minutes.

3. 2017 list of GVWD Committee Members:

The list of 2017 Committee Member List was distributed to Board Members. There were no changes

I move to approve the 2017 listing of Committee Members as presented.

Move: M Cochran 2nd: J. Wilson Approved: 6/0 Chair Abstains

4. Approval of December 8, 2016 Board minutes_v1

I move to approve the, December 8 Board Minutes, V1 as presented

Move: R. Newman 2nd: M. Cochran Approved: 6/0 Chair Abstains

5. Operation report: L. Hoffman

Staff News & Training

- The safety meeting featured general safe work practices.

Bids: None

Construction:

- ADOT is still working on the Warranty agreement with the District.
- Electrical installation of the generators at both booster stations is complete including surge protection.
- Southwest Gas will begin work at the Canoa Ranch booster station starting in February 2017. The meter will be located inside the booster station walls. Borderland Construction will do 35 feet of trenching from the county property to the meter. A core hole will be drilled through the wall to run the pipe through to connect with the meter. South west gas will have 24/7 access to the piping and meter inside the wall enclosure.

Maintenance

- Field Staff has completed 170 work orders and 30 Blue stakes.
- Jim and Kevin continue working the gate valves. Mike is working on air vacs, 49 of 66 are completed. Doug continues to work on the second set of sample stations 6 out of 10 are completed.
- Replaced and/or swap out 29 meters.
- Repaired 1 service leaks.

Meetings with:

Bestway Electric and Southwest Gas to coordinate the testing of the emergency activation time during a power loss. It is important that both companies are available for this testing.

Review of financials:

The financial statement for December was discussed in detail. See attached. Pumping is up year to date as are revenues. Operating Expenses in all areas are in line with the budget. There were two new hook-ups in the Casitas located in the Canoa Ranch area. An additional 8 hookups are planned in the future.

6. General Business: discussion and action on

A. L. Hoffman, District Manager

- **Review of the current capital budget:** L. Hoffman passed out the revised capital budget. The only change from last month was a \$1,500 increase in field expenses. Next month there will be new expenditures for generators and surge protectors.
- **Review on the 5 year capital expenditure plan:** There were no changes in the capital expenditure plan.

B. Finance Advisory Committee: L. Murphy

- Update on water billings & major customers: There are no aged accounts over \$500
- Review of fiscal year revenue vs prior year notes: The year to date turf revenue was up \$37,000 compared to the prior month. All other revenue combined was up only \$6,000. L. Murphy noted the significant increase in water pumped from last November. This indicates the increased water use for overseeding by all golf courses.
- Start of the 5 year plan: L. Murphy reported planning is becoming more difficult due to expected changes in future revenue. Last May the State issued the final version of the 4th Management Plan for the Tucson Active Management Area. There may be changes in the amount of water the golf courses can pump with the exception of Desert Hills which is grandfathered. This change will affect District cash flow by decreasing revenue. Further there is little growth expected in residential sales due to more efficient appliances and the fact that GVWD's residential areas are mostly built out. These variables make planning more difficult.
- In the future the District may have to recharge the Water Districts CAP water, currently we are not doing this as there is no place to recharge locally. This will change once the CAP pipeline is brought down to the area.
- It may not be necessary for the District to use its CAP allocation for residential service as the 1900 AF is more than needed for residential customers. The question of whether we could lease part of our CAP allotment was raised. Changes in CAP policy will be discussed later in the meeting.

C. Technical Advisory Committee: C. Wagner

- The Diesel generator for Well 1 has been ordered with expected delivery being out 12 weeks.
- R. Newman will discuss the generator for Well II in his funding report.
- Update on ADOT & I-19 Rest area water service: Two agreements between ADOT and the District are now in place. These are the final location of the water line and the placement of a proposed sewer line. The agreement on a warranty is not complete. The District has received

very little feedback from ADOT on the status of this agreement. A letter will be sent to ADOT advising that the agreement must be signed prior to the installing of any water lines. The State still plans on going out for bids next month.

- Community water: Currently there is an existing connection between the District and CWC. The Tech Committee Chair and DM have met with CWC regarding developing a plan to improve this connection to the benefit of both companies. A pressure study was recommended and completed. The result showed it is not feasible to move water far enough into either district to be of any practical use in an emergency.

D. Funding : R. Newman

R. Newman attended a meeting with Homeland Security in Tucson on January 10. More specific instructions were given regarding completion of the application. The application needs to include 3 quotes on the requested equipment using just dollars and size/capacity. Further the District needs to identify one of the deficiencies in the core capabilities required by Homeland security that exists in our current operation and how funding would address it. Congress Woman McSally's office was contacted and staff advised that she would most likely write a letter supporting the Districts proposal. The application must be submitted by February 17, 2017. The Homeland Security web site has a dummy application form on line that will identify missing information. R. Newman believes he can meet the deadline.

E. Chairman Update:

- Line extension agreement: R. Hedden reported that this agreement has been reviewed and vetted by the District, our attorney and R. Hedden. A couple of minor changes have been suggested by the Tech Committee which will be added to the agreement. The Board will review and approve the document at the February Board meeting. A draft on what will be included in the Rules and Regulations regarding any expansions to the infrastructure. The attorneys are also working on a document covering the development and financing of new well sites. Internal policies on expansion need to be developed and in place to provide consistency.
- The allocation of expenses for a new well site had been discussed and the expense will be borne by the developers involved. The hookup fee we have collected will be contributed to the cost. Once a well is running, the District will no longer collect hookup fees. This policy needs to be in place and in writing.

- CAP policy changes: R. Hedden reported that currently for anyone holding a CAP water allocation and wishing to sell, the holder is entitled to be reimbursed for all the capital money invested in managing the allocation plus 5% interest. The District's policy established during its formation has been not to sell its allocation of CAP water. Starting December 2017, the policy will change and the seller will no longer be reimbursed for capital fees invested. The issue is that ultimately the District could be giving up \$1.5 million by not selling our allocation prior to the end of the year. The Board needs to be cognizant of this change and the impact on the District.

The question of leasing our allotment to another party was brought up. This would be on a contractual arrangement for 5/10 years. Potential lessees would be Tucson Water, Phoenix or possible Hudbay. R. Hedden will run some numbers and will report back at the February Board meeting. Additionally the Strategic planning Committee will be reconvened in February to begin to consider the implications of CAP policy changes and determine some actionable options

7. Recruiting new Committee members: R. Hedden passed out a list of committee duties that can be worked into various presentations and formats. P. Carlstad suggested possible vehicles for recruiting volunteers. The first step is to develop some verbiage that could be broken down into parts appropriate for different venues such as posting on the web site or back of water bills, a presentation for HOAs or a brochure.

8. Call to the public: No response

9. Announcements:

- The next Finance and Technical Committee meetings will be Monday, February 6, 2017 in the GVWD Conference Room. Time to be announced later.
- The next Board meeting will be Thursday, February 9, 2017 at 9:30 AM in the GVWD Conference Room.

10. Adjournment:

I move to adjourn the meeting

Move: J. Wilson

2nd: M. Cochran

Approved: 6/0

The meeting was adjourned at 11:10 AM

Minutes approved January 12, 2017

GREEN VALLEY DOMESTIC
WATER IMPROVEMENT DISTRICT

By Karen Thornton
Karen Thornton, Clerk of the Board

Robert Hedden
Robert Hedden, Chairman