

**Minutes, Green Valley Water District
November 9 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. Approval of the October 12, 2017 Board Minutes_v2 and executive minutes_v2

I move to approve the October 12, 2017 Board Minutes_ V2.

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

I move to approve the October 12, 2017 Executive Minutes_ V2.

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

3. Operation report: L. Hoffman

Staff News & Training

Monthly Safety meeting

- Personal Protection Equipment (PPE) safety
- L. Hoffman announced that new employee, Patricia Hernandez, is doing well.
- Yara and Pat completed an online class on skills for the front desk professional.

Bids: none

Construction: The District continues to wait for ADOT's pipeline installation schedule and a construction meeting to assure ADOT understands our construction standards and the Rules and Regulations.

Maintenance

- Field Staff completed 108 work orders and 14 Blue stakes.
- Jim and Kevin are operating gate valves, flush outs and fire hydrants as part of the annual maintenance program.
- Work completed in Desert Hills II. Completed to date, 752 main line valves (19 were closed and 9 were broken) and 342 fire hydrants (1 needs to be repaired).
- Mike is working on air vacs, 59 of 66 are completed. Several have to be moved and the District is considering the best locations.
- Two curb stops were broken and had to be replaced.
- 17 meters were replaced and/or swapped out.
- Five service leaks were repaired.

Miscellaneous News & Information: None

Meetings with:

- R. Hedden, C. Wagner, and J. Wilson on new office considerations.
- The Finance Committee on the budget.
- The Tech Committee on updates to the budget.

Review of financials

The financial statement for October was discussed in detail. See attached. Both the water pumped and water sold are up. Year to date the operating expenses continue to be less than budget while revenue is up due to golf course usage.

4. General Business: discussion and action on

A. L. Hoffman, District Manager

- L. Hoffman handed out the revised capital budget which is through October, 2017 (attached). Capital expensed remain the same as last month. The \$85,000 for broken values will not be spent until there are more specifics from ADOT on start time, and when they are going to purchase the pipe for the project. We are withholding payment of our portion of the pipe until that time. The Ashton Company doing the project has advised that they will have multiple work crews which will allow for some work to proceed simultaneously with the work at Casa Grande.

B Finance Advisory Committee: L. Murphy

- Update on water billings & major customers: Turf billings for July through October are up from recent years.

2015--\$336,000

2016--\$352,000

2017--\$354,000

Total revenue July through September is down \$17,000 compared to prior year. Residential & Turf are down approx. \$12,000 each, and misc. income is up \$8,000. With the change in other accounts, the net is down the \$17,000.

- Update on June 2017 audit.

The final audit report was received but has not be thoroughly reviewed yet. The outstanding concern is whether the discrepancy between the office and the accountants booking of capital expenditures has been resolved. L. Murphy and J. Wilson will meet with the office manager to review the differences.

Next year our financials will include a two year comparison. This was not possible until the Districts transition to a June 30 end of fiscal year was completed.

- Discussion of potential rate increase: The committee agrees that a new well will be necessary sometime in the next 3 to 5 years. The focus of the committee is to come up with a rate increase that will cover the debt service.

J. Wilson has been investigating funding options. It appears that the only alternatives to having an election is to borrow from organizations able to lend funds to improvement districts without an election. This would include WIFA which the District used to fund several improvements shortly after the District was formed and the Agricultural Loan Fund. At next month's committee meeting there will be a presentation on how these programs work versus the way our present loans with Western Financial Public Finance functions. There has been an initial contact with WIFA. In order to get reasonable information on funding, interest, and reserves, the District needs to fill out the initial online application. This is the route to get preapproved. A meeting is also being set up with a representative from the Agricultural Loan fund. An immediate question is that once any money is approved how long could we wait before taking the money. We believe the District is 2 to 3 years out before starting the well.

C. Wagner and L. Hoffman offered the amount of \$1,300,000 as a reasonable cost of a replacement well to be used in our consideration.

Many other questions regarding the size of the reserve fund needed, whether or not a rate increase could be phased in, how it should be allocated between the residential and turf customers, plus how much of an inflation factor should be factored in. All these need to be resolved by the December Board meeting.

C. Hospital Update: J. Wilson reported that a few weeks ago we received notice that there is an approval scheduled in the bankruptcy court for the sale of hospital assets. This sale could include the sale of individual assets or the total hospital. Our attorney has advised that we keep the hospital's water payments current. If the sale ends in new ownership, we have been advised the District has an executive contract which should survive the bankruptcy, however the new owners could reject it. At this point the District's Rules and Regulations that specifies any new owner requires a deposit for water service would be applicable. The pre-petition owed balance is the only thing that may not be recoverable. This will be a long drawn out process.

D. Technical Advisory Committee: C. Wagner

- Update on the waterline to the I-19 rest stop: This was reported during the District Manager's financial report.
- Well #2 will be videoed on December 19.

E. Personnel Committee: R. Newman

The committee met on October 27th to discuss certification of field personnel. It is believed that it would be desirable for the District to have all certified as Level 3. This has been a difficult goal in the past.

The committee has put together a list of changes in the organization that might facilitate this effort. These are

- Revise the job description and position descriptions to include a specific time frame for achieving levels of certifications. A grandfathering clause could be included for existing employees to achieve the goal.
- The number of times that the District will pay for the cost of the examinations should be increased. Support should be implemented to develop test taking skills.
- Review wage and wage scales.
- Key personal requirement and replacement guidelines should be established.
- Develop a working field supervisor which would be a level 3 grade.

The committee will meet again on November 17 to expand the above concepts and develop specific recommendations. They will also explore options for testing assistance.

F. Chairman's comments:

- The chair called for a motion to go into Executive Session for the purpose of considering the financial options available to move forward on the purchase, sale or lease of real property, pursuant to A.R. S. § 38-431.03 (A)(7) and contractual issues pursuant to A.R. S. § 38-431.03 (A)(4)

I move that the Board go into Executive to discuss the above issues per statue cited.

Move: L. Murphy 2nd R. Newman Approved: 6/0 Chair Abstains

The Board entered Executive Session at 10:40 AM

The Board returned to regular session at 11 AM

Consensus on Issue 1: After discussion, of a threat to the sustainability of two of our golf course customers it was agreed that the only option the District has at this time is to keep a close eye on both courses water usage and payment schedule. A sensitivity to their business struggles needs to be maintained when considering rate changes. Any loss of a major customer would have a significant impact on our financials.

Consensus Issue 2: The Board reached consensus on protocol for moving forward on the maintenance building as outlined in Executive Session.

5. **Call to the Public:** There was no response.

6. **Announcements:**

- The next Personnel Committee meeting will be on Friday November 17 at 9 AM in the GVWD Conference Room
- The next Finance and Technical Committee meetings will be Monday, December 11, 2017 in the GVWD Conference Room. Time to be announced later.
- The next Board meeting will be held on Thursday, December 14, 2017 at 9:30 AM in the GVWD Conference Room.

7. Adjournment:

I move to adjourn.


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

The meeting was adjourned at 11:10 AM

Minutes approved December 14, 2017

GREEN VALLEY DOMESTIC
WATER IMPROVEMENT DISTRICT

By Karen Thornton
Karen Thornton, Clerk of the Board



Robert Hedden, Chairman