

**Minutes, Green Valley Water District
Public Hearings on proposed 2018 and 2019 Tariffs for General Service.
January 8, 2018**

Pursuant to A.R.S. § 48-910.B, Green Valley Water District (GVWD) prepared, published and posted in three places within the district, a notice of the public hearing on the proposed GVWD 2018 and 2019 Tariffs for General Service. A complete copy of the Proposed Tariffs were available for public inspection at the GVWD Office; and on the District web site. The notice of public hearings appeared in the Green Valley News on Sunday, December 17 and Wednesday, December 27, 2017. The public hearing is to hear comments of residents of the District regarding the proposed Tariffs for General Service.

1. Chairman R. Hedden called the Public Hearings to order and led the Pledge of Allegiance. The format will be a presentation of the proposed 2018 and 2019 Tariffs for General Service. After the presentation, time is allowed for questions and answers pertaining to the rates. If anyone has questions regarding any other District matters, they are invited to remain for the following Board meeting at which time such matters can be addressed.

2. Chairman Hedden started with of an overview of GVWD. The district was established in 2003 as a Domestic Water Improvement District. This designation was through the power of the Pima County Board of Supervisors making the District a public entity. Therefore, any proposed rate changes must be brought before the residents of the District in a Public Hearing. The District is not under the auspices of the Arizona Corporation Commission. Currently there are approximately 4,500 rate payers with a potential of 6200 when the District is completely built out. GVWD as an operating business is one of the stronger water providers in the State and fiscally strong. This is a tribute to the people involved with the organization from the start and more importantly to our eight employees. We run a very tight operation and have been able to hold our rate increases to a minimum, the last being in 2013.

Improvements over the past year have focused on the security of our major infrastructure which are now secured with video cameras and monitored on a 24/7 basis. The District also increased reliability within the system by backing up all wells and booster stations with generators to deal with any potential power outage. System redundancy was also increased to ensure our rate payers with a save reliable water supply.

3. The meeting was turned over to the Finance Committee Chair L. Murphy, who detailed the notification of the public hearing pursuant to Pursuant to A.R.S. § 48-910.B, The tariff for general service has two components. The first is to start building a reserve for loan payments for the new well. In addition, the rate increase will include a component that will offset the inflationary costs that have occurred since the last rate increase in 2013. The monthly increase listed below is for a typical residential customer with a 5/8" meter.

Capital Cost increase will be \$1.75/month

Inflationary increase will be done in two stages of \$0.60/month with the 1st stage beginning February 2018 and the second stage beginning July 2019.

The total impact of the above rate changes will be:

February 2018 is \$2.35/month

July 2019 is an additional \$0.60 per month.

Major events completed since the last 2013 rate increase include:

- In 2013, the District refinanced the bonds related to the purchase of the District from Fairfield back in May 2003, as well as the bonds for the cost of the arsenic treatment plant and other major improvements made shortly after the District was formed.
- The 2013 refinancing improved the cash flow of the District, and released funds that were no longer restricted as debt coverage reserves. The District, was able to make many significant improvements including:
 - Renovation of the water storage tanks-- \$602,000
 - Replacement of the media in the arsenic treatment plant--\$268,000
 - Adding backup generators to Well number 1 and the two booster pumps--\$247,000
 - Establishment of reserves to fund the renovation of the water tanks and the arsenic treatment plant to have sufficient funds to cover the cost of the next time this needs to be done.

Current future events facing the District:

Unfortunately, today we are facing an even larger cost. During 2017, the District had a video inspection of the primary well which noted that the casing of the well had major corrosion with holes in it. This means sand and other debris could start being pulled up and the casing itself could fail. Typically this sort of well has a 100 year life span, however it is only in year 45. This is due to the developer not putting in place the proper piping. The District will need to establish a new well. Fortunately we have room to put this well in next to the Arsenic Treatment plant to hook up, which is a cost savings. A realistic time frame is to drill the new well in 2020. By establishing the funds now we will have in place the necessary funds for the first year's payments plus a reserve equal to one year payment required by the lending institution.

The District has been pushed into a corner by a part of our infrastructure starting to fail and we must be proactive rather than starting the process after it fails. What is now planned is a standard well site, configured to our construction standards and drilled much deeper than the current well which will ensure that over the next 100 years there will be sufficient capability at this site.

4. R. Hedden called for any questions from the audience.

Linda Miller asked if there were no legal way to hold the developer responsible their construction failures. There is no recourse as when the water company was purchased in 2003 it was purchased as is.

5. Being no further questions, the meeting was adjourned at 1:25 PM

Minutes approved February 8, 2018

**GREEN VALLEY DOMESTIC
WATER IMPROVEMENT DISTRICT**

By Karen Thornton
Karen Thornton, Clerk of the Board

R. Hedden
R. Hedden, Chairman