

**Minutes, Green Valley Water District  
September 14, 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 June 15, 2017\_v2 Public Hearing minutes and the June 15, 2017\_v2, Board minutes.

**I move to approve the June 15, 2017 Public Hearing Minutes\_ V2 as presented**

**Move: R. Newman      2<sup>nd</sup>: C. Wagner      Approved: 6/0      Chair Abstains**

**I move to approve the June 15, 2017 Board Minutes\_ V2 as presented**

**Move: M. Cochran      2<sup>nd</sup> J. Wilson      Approved: 6/0      Chair Abstains**

3. Operation report: L. Hoffman

**Staff News & Training**

Monthly Safety meeting

- In July, training was on heatstroke.
- The August training was on dealing with angry customers.
- L. Hoffman attended the annual Leadership Conference earning 24 PDH

**Bids:** Three bids were received on the new truck. O'Reilly Chevrolet was low bidder at \$34,274.00. The new truck was picked up Aug. 28, 2017.

**Construction:**

- There was a service leak that was difficult to locate necessitating shutting down the water to the service area. This caused the bottom of the 8" valve to give away and have to be replaced. Due to the size of the repair Borderland was contracted to repair the valve.
- Work was completed on the meter replacement program & MXU in Desert Hills Town Homes & Canoa Hills (180 meters)

**Maintenance**

- The media from Vessels 1, 2 and 3 was removed and trucked back to the factory for regeneration on July 18, 2017. This was a scheduled service. The District has been extending the life of the media through improved operational techniques.
- Field Staff completed 444 work orders, and 62 Blue stakes.
- Jim and Kevin are operating gate valves, flush outs and fire hydrants as part of the annual

maintenance program.

- To date, 655 main line valves are completed (17 were closed and 9 were broken), 283 fire hydrants (1 needs to be repaired) and 80 water main flush outs are completed. Mike is working on air vacs, 59 of 66 are completed.
- One curb stop was broken and had to be replaced.
- Fifteen meters were replaced and/or swapped out.
- Thirteen service leaks were repaired.

#### **Miscellaneous News & Information**

##### **Meetings with:**

- R. Hedden and L. Hoffman met with our District 4 Pima County Supervisor Steve Christy. They explained Water Improvement Districts and our responsibility to provide save potable water to the District.
- Las Quintas Water company to review protocol for water operations.
- John McKinney of Farmers Water to discuss the provision of a backup water supply.
- Met with three architects to discuss cost of new office design options.
- The Finance Committee on budget.
- The Tech Committee on updates on field work.

##### **Review of financials:**

The financial statement for June was discussed in detail. See attached. Both the water pumped and water sold are down slightly. Year to date the operating expenses are less than budget while revenue is down due to golf courses.

4. General Business: discussion and action on

##### **A. L. Hoffman, District Manager**

- **Report on the 2016/17 final capital budget:** L. Hoffman handed out the final capital budget which is through June 30, 2017. The budget shows all completed projects and which projects were deferred into the 2017/18 capital budget. Some discrepancy to the original budget was noted by L. Murphy which will be reconciled. It is also noted that the capital budgets are living documents and changes such as the addition of the generator pads and other changes reflect the District's needs.
- **Report on the current 2017 - 2018 capital budget:** Includes the MXUs, the new truck and the property for the new well site. All were purchased after June 30, 2017. The light bar for truck will be added upon arrival.
- A question was raised on the current year budget showing \$130,000 to replace broken valves. It is noted that the cost of the property \$72,000 was taken from that line item and is noted in the minutes today. L. Hoffman reports that there are still a lot of loose ends which will be reconciled in the current 5 year budget such as a new potable water well, an ADOT project and any additional potential capital expenses. These issues will be addressed at the October Technical Committee meeting and then brought to the Board.
- Discuss Farmer's Water request to install the inter-connection in Block 36: Farmers has requested that the District install the inter-connection prior to the remaining part of Block 36 is under construction. The estimated cost to install the inter-connection is \$344,000. Farmers is planning to shut down their water storage tank for repairs for 6 weeks. A drawing showing the layout of the inter-connection and piping on block 36 was discussed at the Tech Committee and will be sent to Farmers to consider their options as there are more decision makers involved on their part. Farmers has 1,400 residential customers and needs backup capability for this portion of their system. This would also benefit GVWD as we have no back up for the Hospital. Today's report is informational. The District's plan has been that this extension would be put in as the development gets built out and paid for by the developers. The question is if line extension is put in ahead of development in block 36, is there a mechanism to recoup the money for the installation from the developer? This question will be reviewed by the District's attorney.

**B Finance Advisory Committee: L. Murphy**

• **Update on water billings & major customers:**

- Turf billings for June, July & August are down from recent years.
- 2015--\$228,000
- 2016--\$222,000
- 2017--\$218,000

• **Cash Balances:** L Murphy distributed a schedule of cash balances and the reserves and designated funds at June 30, 2016 and 2017. The District's cash balances remain strong in that the total funds held by the District are more than the required amounts. Reserve funds are held for the hookup fees, medium replacement program, and the new future well. That said, the excess has decreased \$88,000 from the prior year. This is not of concern due to our strong operating budget and the existence of uncommitted cash.

• **Internal review and audit for year ending June 30, 2017:**

Len discussed the internal review procedures that Len & John perform on a quarterly basis.

The auditors, Clifton Larson Allen have completed their field work and we anticipate a draft report soon. This year we will be using one firm to perform the audit and draft the financial statements. In recent years, we have used two firms.

• **Pending insurance issues:** It appears that the remaining issue is the impact of increasing the deductibles that apply in our insurance policies would have on the District. The District has not had a claim of consequence over the past few years. L. Hoffman advised he requested feedback from the agent on deductibles at the \$1,000, \$1,500, and \$2,000 levels. To be presented at next month's meeting.

**C. Update on GV Hospital: J. Wilson**

The plan for liquidation which was to bring the hospital out of bankruptcy was voted on by the creditors last September-we do not know the results of that vote. However the District is covered. Going forward the \$5,000 deposit stays in place. The hospital is current on its monthly bills. The hospital reports the expectation of having a positive cash flow by March of 2018.

**D. Technical Advisory Committee: C. Wagner**

Update on the waterline to the I-19 rest stop: The District has been advised that ADOT has received proposals for this project. The District had an informal notice that the low bid contractor was Aston. An award notice should be forthcoming. Receipt of Federal Funds maybe the cause of delay. The District is now waiting to receive official notice from ADOT.

**E. Strategic Planning Committee: R. Hedden**

The committee met 3 times in April, May and June. Its work started with a review of the 2007 plan as to what needs to be changed and what to include for the next 5 years. As the plan was reviewed, unnecessary detail was deleted. Goals and programs for the next 5 years were determined. A section of District accomplishments over the last five years was drafted and a new personnel section was added. It is concluded that this document needs to be reviewed with the advent of significant changes in our District.

P. Carlstad did a lot of work on the editing and formatting of the plan. The expectation is to have the plan bound and distributed to board and committee members.

**I move that the Five Year plan as developed by the Strategic Planning Committee be adopted as presented today.**

**Move: J. Wilson                      2<sup>nd</sup>: M. Cochran                      Approved: 6/0                      Chair Abstains**

**F. Web Site Update: P. Carlstad**

The web is being updated to keep it current. L. Hoffman wrote the first article on "Keeping our Water flowing", discussing the importance of the annual maintenance, what is done, why it's done, and how it protects the customer. The goal is to make customers more aware of all that

is involved in providing potable water. The articles could be used as a resource by staff to help answer customer's questions and discuss frequently asked questions.

**G. Chairman's comments:**

- Update on the purchase of property surrounding Well #1. R Hedden reported that the District closed on property next to Well #1 in July for \$72,000. We are working to get the property rezoned for government use so it would be tax exempt. The septic system has been permitted and is up to county code.
- Consideration of options for new office space: R. Hedden stated this item is on the agenda as Morgan North has made the decision to sell off the property known as Canoa Hills Golf Course (CHGC). He is intending to divest all the assets associated with the course by the end of the fiscal year for tax reasons. In the District's initial conversations in 2012 about a new office, the maintenance building was included in the conversations. Now the building is an option again due to the formal closing of CHGC.

The discussion today should focus on whether the District wants to go forward on a new office in a reasonably short time frame. M. North is looking for a response after today's meeting. The decision should be made of whether to purchase the property with reasonable intent. There would be no need to build immediately. Some of the issues regarding the building were brought up for discussion.

**Positives**

- This building gives the District additional capabilities that we currently do not have and would not be able to realize by building on the property around Well 1 site. The maintenance building is 5800 sq. feet. After laying out the administrative space needs, there is an additional 2000 SF that could be used for operational use- indoor equipment repair; the ability to do bench work and adequate storage for and control of maintenance supplies. Having this space would change some of the mechanism as to the way we would facilitate our operation. How important is this to the District?

**Unknowns**

- The ability of the property to qualify for RH zoning and does the property have such zoning?
- Determination of property boundaries.
- A phase 1 environmental study needs to be done initially and phase 2 if necessary.
- Required parking.
- Current cost information value based on a commercial appraisal and a builders cost of a renovation to fit our needs.
- Available capital funds
- Ability to obtain a mortgage/loan

**Consensus:** After discussion the board reached consensus to move forward on further investigation of the above unknowns to the end of making an informed decision. R. Hedden, J, Wilson, C. Wagner and L Hoffman will spearhead the investigation team. Findings to be reported at the October Board meeting.

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

6. **Announcements:**

- The next Finance and Technical Committee meetings will be Monday, October 9, 2017 in the GVWD Conference Room. Time to be announced later.
- The next Board meeting will be held on Thursday, October 12, 2017 at 9:30 AM in the GVWD Conference Room.
- The committee chairs will be contacted to determine which of the advisory committee members have committed to serving on their committees. Any changes will be on the October agenda for approval and the committee listing will be updated.

7. Adjournment:

**I move to adjourn.**

**Move: J. Wilson**

**2<sup>nd</sup>: M. Cochran**

**Approved: 6/0**

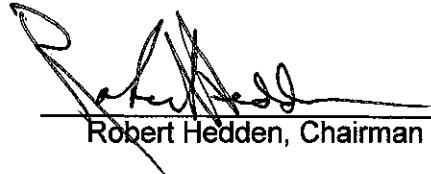
**Chair Abstains**

The meeting was adjourned at 11:30 AM

Minutes approved October 12, 2017

GREEN VALLEY DOMESTIC  
WATER IMPROVEMENT DISTRICT

By Karen Thornton  
Karen Thornton, Clerk of the Board

  
Robert Hedden, Chairman