

**Minutes, Green Valley Water District  
February 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 January 9, 2017 Board Minutes\_v3

**I move to approve the, January 9, 2017 Board Minutes- V3 as presented**  
**Move: R. Newman 2<sup>nd</sup>: M. Cochran Approved: 6/0 Chair Abstains**

3. Operation report: L. Hoffman

**Staff News & Training**

- The safety meeting featured strategy for dealing with irate customers.

**Bids: None**

**Construction:**

- ADOT and the engineer have completed the water plans.
- Borderland completed the installation of 2 inch conduit at both booster stations.
- AKM will complete the gas piping for the generator tomorrow 2/9/17.  
Southwest Gas will begin the installation of the gas line at the end of February 2017.
- The generator will ship on 2/23/17 and be delivered to Gen Tech on 3/5 for testing.

**Maintenance**

- Field Staff has completed 126 work orders and 28 Blue stakes.
- Jim and Kevin continue working the gate valves, flush outs and fire hydrants. To date, 439 main line valves, 193 fire hydrants and 47 flush outs are completed.
- Mike is working on air vacs, 55 of 66 are completed. Doug continues to work on the second set of sample stations 9 out of 10 are completed.
- Replaced and/or swapped out 14 meters.
- Repaired 1 service leaks.

**Meetings with:**

- Bestway Electric on wiring for the generators.
- Southwest Gas to determine and mark location of the gas meters.
- WLB regarding I-19 sewer line
- ADOT regarding I-19 water line
- R. Hedden and C. Wagner regarding sewer and water lines

- AKM Builder regarding the gas line for the generators
- Borderland Construction regarding the gas line for the generators.
- CWC regarding the results of the pressure studies. All agreed that there would be no benefit to either organization to enhance the existing connection.

**Review of financials:**

The financial statement for January was discussed in detail. See attached. Both the water pumped and water sold are down year to date due to decreased water use by the golf courses. Total revenues are down slightly while operating expenses in all areas are in line with the budget. There were two new hook-ups in the Dorn Homes development.

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 was the addition of the repairs for Well #2.
- **Review on the 5 year capital expenditure plan:** There were no changes in the capital expenditure plan. Work on updating the plan will begin next month.

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

- **Update on water billings & major customers:** There are small account balances that Lora plans to write off before year end. Total revenue for the six months ended December 31, 2016 is up \$57,000 over the same period in the prior year. Turf water revenue is up \$37,000 and all other categories of water revenue are up \$20,000

Two golf courses are pumping above their current ADWR allotment however the penalties are relatively insignificant. When the 4<sup>th</sup> Management Plan goes into effect January 2019 the District should expect to see additional decreases in the amount of water pumped by the golf courses.

- **Five year cash flow planning:** The committee will finalize the 5 year plan during the next committee meeting. The concern of future diminishing revenue needs to be considered.
- **Discussion of alternatives for office facilities.** Many alternatives ranging from renovating the existing space to building a new facility were brought up and discussed. To gather more information, J. Wilson volunteered to obtain the services of an experienced commercial realtor to assist the District. J. Wilson reported that his plan is to set up a meeting with the commercial realtor, provide minimal parameters on sq. feet, space layout and other general information provided by the DM. After investigation, the realtor would provide options to the Board as a starting point.
- L. Murphy suggested that it would be prudent for the Finance Committee bring in our insurance agent to have him review all existing policies with the committee. L. Hoffman is to arrange of the agent to attend either the April 10 or May 8 committee meetings.

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

- **Update on ADOT & I-19 Rest area water service:** Discussed in the OM report. The DM reported that in his discussions with Todd at Borderland he was advised that Borderland's policy was not to give warranties on work done. However he advised that state statute require all contractors to warranty their work for 2 years. R. Hedden will look up the statute. If this warranty could transfer to the district, it would resolve some of the Districts concerns. Additionally, ADOT advised that if they had known about our line extension agreement they would have been willing to sign and pay for the warranty as they were familiar with and frequently used such documents.
- **Approval of the line extension Agreement:** This Agreement has been vetted by the District, our attorney and R. Hedden. The Tech committee also reviewed and recommended Board approval. The document will become part of the Rules and Regulations.

**I move to approve the Line Extension Agreement as presented to the Board today and further this documents will become part of the Rule and Regulations at the June Public Hearing on Rules and Regulations.**

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

- Wagner noted that work has begun on a Well Site Agreement.

**D. Funding : R. Newman**

R. Newman reported that the grant request to Homeland Security was sent out last night. The Board expressed its appreciation for the hard work invested in the submittal of this grant.

P. Carlstad advised that WIFA also has some grants available. She will check into this further to see if any pertained to the Districts projects.

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

**F. Chairman Update:**

- Update on CAP policy changes: R. Hedden had previously reported how CAP was changing their policy. The office has been checking on how much money has been invested in our CAP allocation over the years. A handout detailing the Districts CAP allocation and possible demands plus CAGRDR obligations was distributed to the Board members. Report was based upon 2015 water usage for both CAGRDR and non-CAGRDR rate payers. The document is attached. Over the next 25 years it's estimated the District will be adding 700 units for a total of 5100 rate payers by 2040. Full buildout is 6200 units. Based on the actual 2015 water usage, it is possible to extrapolate the demand on CAP water in 2040. The report also included CAP demands based on the premise that we could lose CAGRDR units, which is a future possibility. The report also included the total residential and commercial customer CAP demand when the usable potable water is a 50/50 blend of CAP and Aquifer water. This blending equation is based on Tucson Water's actual experience which they are using today. 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. Whatever decisions will have a direct bearing on our water business. The District also has the option of expanding our franchise area out to Montana Vista and /or Elephant Head. An additional thought is to renew efforts to adding Sahuarita into our franchise area. All options have to be explored. R. Hedden would like to have a recommendation to either retain or sell some of the District's CAP allocation by the start of our budgeting process. Any sale of CAP allocation has to be enacted upon by Jan. 01, 2018 to recoup any of the CAP capital costs associated with the sold CAP allocation.
- Budget payment plan: Currently Canoa Ranch Golf Course has requested and enrolled in a Budget payment plan. This is a good business decision for them. San Ignacio Golf Course is also considering this option, plus we have had numerous requests from residents. Residents would be delayed until the beginning of the fiscal year when the District is sure the billing system can handle these changes. All will be required to sign a contract with the District. The adjustment will be made in the 11<sup>th</sup> month either for rates or actual dollars. The benefits/convenience to residents were discussed. The cost of implementation and the number of residents requesting this service need to be considered. The Budget Payment option will be formalized in the Rule and Regulations at the June, 2017 Public Hearing on Tariffs and Rules and Regulations.
- Strategic Planning Committee: The Strategic plan was developed in 2007 and needs to be reconsidered at this point. The office will make new copies of the 2007 plan and distribute them to the 6 committee members: R. Hedden, J. Wilson, L. Murphy, R. Newman, C. Wagner and L. Hoffman. This group will be meeting at the end of February or the beginning of March to review and revise the plan as necessary.

- M. Cochran has signed a conflict of interest disclosure form to acknowledge his status as General Manager of Canoa Ranch Golf operation and his intent to abstain from voting on all issue relevant to Canoa Ranch Golf operations.
  - Recruiting new Committee members: R. Hedden is planning on preparing verbiage to put on the monthly billing form. The second effort will be more detailed information that could be on the counter as a handout. These two strategies would be the first effort. Depending on their success, the next step would be in the beginning of the New Year, the District could schedule speakers for the various HOA Annual Meetings.
4. Call to the public: No response
  5. Announcements:
    - The next Finance and Technical Committee meetings will be Monday, March 6, 2017 in the GVWD Conference Room. Time to be announced later.
    - The next Board meeting will be Thursday, March 9, 2017 at 9:30 AM in the GVWD Conference Room.
  6. Adjournment:

**I move to adjourn the meeting**

**Move: L. Murphy**

**2<sup>nd</sup>: C. Wagner**

**Approved: 6/0**

The meeting was adjourned at 11:15 AM

Minutes approved March 9, 2017

GREEN VALLEY DOMESTIC  
WATER IMPROVEMENT DISTRICT

By Karen Thornton  
Karen Thornton, Clerk of the Board

Robert Hedden  
Robert Hedden, Chairman