Minutes, Green Valley Water District
March 8, 2018

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

Roll Call: Clerk of the Board

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

Board Absent: none

A quorum was announced

2. Approval of the February 8, 2018_v2 Board Minutes and February 8, 2018_v2
Executive Minutes

I move to approve the February 8, 2018 Board Minutes_V2 as amended.
Move: J. Wilson    2nd: R. Newman     Approved: 6/0     Chair Abstains

I move to approve the February 8, 2018 Executive Minutes_V2 as amended.
Move: M. Cochran   2nd C. Wagner     3rd Approved: 6/0     Chair Abstains

3. Operation report: L. Hoffman

Staff News & Training:
The safety meeting was on trench safety and shoring
Bids: none

Construction:
- The pipeline for the rest stop has been put on hold until ADOT completes its re-survey of the plants
  that were removed and the location of the water mains.

Maintenance
- Well #2 was pulled and inspected in January. The video showed that there were holes in the
  casing similarly to Well #1 and has an estimated life of 10 to 15 years. L. Hoffman spoke to Lougmire
  Well Service who indicated that the patching procedure alone, would run around $25,000. There are
  about 10 places that would need patching and could extend the life of the existing casing another 10 to
  15 years. The Board feels it needs more information on both the procedure and due diligence on the
  company. By next meeting, the Board requests a written proposal from Lougmire and references, the
  videos from both Well #1 and #2 sent to Stantec to review and see if they are aware of other
  contractors that used the patching procedure. Other contractors identified should be contacted to
  compare options. L. Hoffman will proceed with gathering the information.
- Field Staff completed 144 work orders and 26 Blue stakes.
- There are 22 gate valves that need to be replaced
- There are 43 Fire Hydrants that need to be rebuilt the parts are expected today.
- Two flushouts still need to be repaired.
• Replaced and/or changed out 18 meters

Meetings with:
• L. Hoffman met with ADOT and Ashton regarding the sac (hardness) of the slurry used over the water mains into the sewer pipe.
• R. Hedden and R. Newman regarding training

Review of financials
The financial statement for February was discussed in detail. See attached. The water pumped and sold are up for both commercial and residential. Revenues are up. The biggest expense was related to the work done on Well #2
4. General Business: discussion and action on
A. L. Hoffman, District Manager
L. Hoffman reported there are no changes on the Capital Budget this month
B. Finance Advisory Committee: L. Murphy
• Update on water revenue and major customers: Water revenue for the seven months ended January 31st is down $6,000 from 2017. Turf revenue is down $18,000 with other categories up a net of up $12,000. Construction water is the largest contributor to that increase. The small number noted is attributed to establishment fees. These are $25 dollars for residential customers and $465 for construction. There is a total of $1,400 year to date.

Turf billings information for the six months and twelve months ended February 31st is as follows:

<table>
<thead>
<tr>
<th></th>
<th>6 months</th>
<th>12 months</th>
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<tbody>
<tr>
<td>2016</td>
<td>$240,000</td>
<td>$633,000</td>
</tr>
<tr>
<td>2017</td>
<td>$278,000</td>
<td>$674,000</td>
</tr>
<tr>
<td>2018</td>
<td>$280,000</td>
<td>$679,000</td>
</tr>
</tbody>
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• Update on Capital asset capitalization policy: J. Wilson continues to work on the policy. R. Hedden questioned when the Board would be in a position to discuss capital vs expensing expenditure guidelines. There is still some disagreement as to the concept of betterment and replacement. After discussion, J. Wilson will have an initial report to put out to the Board for their initial comments. Refinements will be available at the April Board meeting.
• The five-year cash flow: The committee has wrapped up its work on the cash flow. Three observations were made:
  - Water rates will continue to increase. Water revenue from adding perhaps 12 homes per year will not offset the anticipated increase in operating expense and debt service that is anticipated over the next few years.
  - Increased hookup fees on Canoa Ranch lots will improve net income, but because the fees are being held toward the cost of the new well and water storage facility in Canoa Ranch, it will not improve the cash flow of the District that can be used toward other costs.
  - Several major capital projects are expected in the next few years. Water revenue will need to increase to fund project cost and/or the debt service that will be associated with the projects.

• Planning for 2019 Budget
  - The Budget Public Hearing is scheduled for June 21st which is the third Thursday of the month. At the May board meeting, the Board will vote to present a proposed budget to the public. Then at the June board meeting, after the public hearing has been held, the board will adopt the budget (which may have changes from the proposed).
  - The personnel committee needs to recommend compensation increases to the Board for its action.
- Capital budget needs to be finalized.

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

- Authorize the expenditure of $85,000 for the replacement of broken gate valves. C Wagner noted that this money is in the Capital Budget and is ready to be expended for the purchase of such valves.

I move to authorize the expenditure of $85,000 for the purchase of replacement gate valves.

**Move: C. Wagner 2nd: J. Wilson Approved: 6/0 Chair Abstains**

- ADOT project status: C. Wagner reports that he has spoken to Hector and he is still not certain when the survey work will be finished and the report available.
- Update on planned work on Well #2: This was discussed in above reports. C. Wagner is still concerned about getting more information on the options for both Well #1 and #2. He expects more data to allow for a good comparison of the existing options, plus due diligence on the company able to provide patching service. This information is vital to developing a future drilling schedule.

**D. Personnel Committee:** The Chairman requests that the report on Job Descriptions and Personnel policies be done in Executive session after the Chairman’s comments.

**E. Chairman’s comments:**

- R. Hedden reported that he had contact with Mr. Sinclair who is the realtor representing M. North on the Canoa Hills (CH) maintenance building and the one acre property located in the northwest corner of the golf course property that GVWD has expressed an interest in. He restated the District’s position as no decision will be made until there is a final decision on the donation of CH golf course property to the County. GVWD would expect the one acre property be donated if it is included in the property being donated to the County. He also indicated that though GVWD is interested in the maintenance bldg., the current selling price is not reflective of Commercial property in Green Valley and GVWD is not going to pay the current indicated price.
- R. Hedden has written a letter to David Williamson regarding their request to include sewer line in ADOT’s Right of Way that has been permitted to the District for the new water line. Granting permission would include naming them as a secondary name on the permitted Right of Way and would require all construction done to District standards. A reminder was given that the District needs a one year lead time to put in a new well for development south of the Escondido.

6. Call to the Public: There was no response.

7. Announcements:

- The next Finance and Technical Committee meetings will be Monday April 9, 2018 at 8 and 10 AM respectively.
- The next Board meeting will be Thursday, April 12, 2018 at 9:30 AM in the GVWD Conference Room.

The Chair called for a motion to enter Executive Session to discuss job descriptions and personnel policies pursuant to A.R.S. § 38-431.03 (A)(1)

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

**Move: R. Newman 2nd R. Newman Approved: 5/0 Chair Abstains**

The Board entered Executive session at 10:30 AM and returned to Regular session at 11:40 AM.
Consensus
- Personnel policies and job descriptions need to be strengthened as detailed in Executive Session to better meet the needs of the District.
- The Personnel Committee is charged with integrating points from the discussion into the current job descriptions.
- Pat Carlstad is instructed to take the lead on identifying an outside source to assist with the search process, give input on the amount of time a search would take, and lay out the criteria for the GM position.
- The training protocol for the field employees will be laid out as discussed for the next Board meeting. Additionally, the Board committed to provide tools and support to meet changed expectations.

I move to adjourn.
Move: J. Wilson 2nd: R. Newman Approved: 6/0 Chair Abstains

The meeting was adjourned at 11:45 AM

Minutes approved March 8, 2018

GREEN VALLEY DOMESTIC WATER IMPROVEMENT DISTRICT

By Karen Thornton, Clerk of the Board

Robert Hedden, Chairman