

**Minutes, Green Valley Water District  
January 24, 2019**

1. Call to Order at 9:30 AM by Chair E Sullwold

Roll Call: Clerk of the Board

Board Present: Patricia Carlstad  
Michael Cochran Arrived (9:55)  
Robert Hedden  
Eric Sullwold

Board Absent: Darlene Hollingsworth

Board members Len Murphy and Curt Wagner have resigned their Board Positions.  
There was no quorum and no votes taken until Director M. Cochran arrived at 9:55 AM

2. Recognition and thank you to Len Murphy for 10 years of dedicated service to GVWD. Chair E. Sullwold recognized Len Murphy for his 10-year service to the Water District as a Financial committee member and later as the Financial Committee Chair.
3. Recognition and thank you to Bob Hedden for serving as Board Chair for 10 years. Chair E. Sullwold recognized Bob Hedden for his 10 years of service to the District as Chair of the Board of Directors.
4. Recognition of Lora Burruel for receiving her Level 1 Distribution Certification. Chair E. Sullwold recognized Lora Burruel for her successful completion of the testing for level 1 Distribution Certificate.
5. Annual review of the conflict of interest policy and signature form to acknowledge understanding of the policy. The Clerk directed the Board members to review the Districts Conflict of Interest policy and sign the COI acknowledgement form.
6. E. Sullwold announced that Director C. Wagner had resigned from the Board.
7. Approval of the December 13, 2018\_v2 Board Minutes This item was deferred until there was a quorum.

8. General business: discussion and action on

A. Operation Report: D. Duffy

Administrative

- The safe deposit box is set up the District now stores computer backups regularly at the bank and in the District Manager's home safe.
- Financial reports have been reformatted to provide information more clearly.

Operations/Maintenance

- All issues recognized during the ADEQ inspection, (including lack of a blending permit at the arsenic treatment plant). The DM was able to locate records that proved that the treatment plant had been designed as a blending plant and that no further changes were made. The ADEQ accepted our verification and the Notice of Violation has been closed.
- It was noted that we did not have documentation on the copper, lead and Bacteria testing. It was done correctly but not documented. This has been corrected.
- Updates to the Emergency Operations Plan are complete and have been approved by ADEQ.
- Additional pavement work on Via Del Trogon north of the water main break has been

completed.

- From 11-25-18 to 12-21-18 there were 164 work orders and 31 blue stake requests

### Construction/Capital

- **Ashton Company**

- Installation of all the 12-inch pipeline is completed
- Installation of 3660 lf of the 7,000 feet of 8" pipeline is completed
- Ashton has passed the pressure test and there is one final pressure tests to be done on the new pipe section. The DM recommends there needs to be an additional final pressure test on the entire system. Premier needs to be involved
- The 2" copper service has not been installed.
- The DM has been in touch Ashton so they can contact the private company providing the 2-year warranty bond. This has to be done through Ashton as the State does not issue such bonds. The District initially pays for the service and we are able to bill the State.

- **District Capital Work**

- The meter reading process has been streamlined by using a team approach where all field staff participates in the reading. This system has freed up 2 to 3 days each month when the field staff can work on valves and other 2-man jobs.
- The DM reported that there were 19 starts on Meritage homes. Three are sold and occupied. The remainder are at different phases in the construction process.
- Per new ADEQ guidelines, certification levels required in the District will be revised for field staff. The goal for certification levels will be changed to a Distribution Level 3 and a Treatment Level 2
- One broken valve was replaced, and 1 broken hydrant was repaired during December

Financials: The financial statement for December was discussed. See attached.

The DM notes the following unusual expenses:

- The \$4216.50 in Misc. Income is the ADOT Payment for Inspections,
- The December billing total was \$3232.02 and was mailed January 17<sup>th</sup>.
- E. Sullwold introduced the guest today, Ron Krenicka. He has expressed interest in volunteering for the District. Ron has a background in Finance and was the CFO of the Paradise Water District in Paradise, CA for eight years. He is in an observation mode and will be sitting in on some more meeting. He will be invited to attend the February Committee and Board meetings.

### Meetings

- December 18: ADEQ Sanitary Survey, (water system inspection). Three minor issues were found in the field and corrected the next morning. Four permitting and documentation issues were discovered which prompted the issuance of a Notice of Violation on December 28th. The permitting issues were all addressed over the next two weeks and the Notice of Violation was closed as of January 15, 2019.

- December 18: Directors Robert Hedden, Curt Wagner & Eric Sullwold along with the DM met with representatives from McMoRan mine to discuss possibility of relocating the two 16" transmission lines between the storage tanks and the system.
- December 19: attended SAWUA meeting in Tucson

**M Cochran joined the meeting at 9:55. There is now a quorum**

A motion was called for to approve the December 13, 2018 Board minutes\_V2

**I move to approve the December 13, 2018 Board Minutes\_ V2 as presented.**

**Move: R. Hedden                    2<sup>nd</sup>: M. Cochran        Approved: 4/0**

B. Technical Advisory Committee: E Sullwold & R. Hedden

- The MXUs have been purchased and the Scada Computer had to be replaced.
- Conversations have been started with Farmers on the Block 36 Interconnection. The \$12,500 design cost will be split between Farmers and the District. WLB was proposed to prepare the contract. Prior to the design phase the physical location of the interconnection into Farmers system needs to be determined. The actual design of the interconnection itself is the next step. Finally, once the design phase is completed a decision on when to implement the project will be made by GVWD and Farmers Water. The engineer has the information on the flow rates and pressure differential. That area is all under the FICO agreement meaning no water can flow from the Farmers side into the District's system. In an emergency, the District's system would have to be shutdown west of I-19 prior to taking water to serve Block 36. There will updates at 30% and 60% of the design phase and a final report for the two (2) Districts.
- There still needs to be conversations on the rates to be charged for any water going between Farmers and GVWD.
- Canoa Ranch pipeline installation may be delayed till next fiscal year due to delays associated with the ADOT pipeline to the Canoa Rest Area.
- The 2018-2019 Capital budget may be increased \$200,000 for the purchase of the Maintenance building.
- Freeport McMoRan: The retention pond for the mine was found to have a soft spot on the South Side. They are currently implementing a plan to buttress that area. Of active concern is our two water tanks that are near this area. Currently, there is no immediate danger to the tanks however there is the possibility of having to move the tanks sometime in the next 20 years. A more immediate issue is that transmission lines into the tanks and the electrical service road going up to the tanks may have to be moved. Any work needed would be at the expense of the mines. Currently the District is working with McMoRan to understand their needs so we can involve our engineers to proactively determine the best locations for moving our lines.
- Start review of potential financing for replacement well #1: R. Hedden has been working with Stantec to review some additional criteria for developing the new well. Consideration of a water discharge plan for the well test and where to locate the new well in relation to the existing well. Other cost considerations include an acoustical barrier for the site, changes to the VFD, a drainage ditch taking the runoff to the county drainage system along frontage road and use of stainless steel, all steel piping or a combination of the two. Stantec has been charged with developing a cost for this additional work which should be available mid-February. After consideration of this information the District will make decisions on total costs prior to approaching banks or WIFA. The District would like to be able to go out to bid in the

2<sup>nd</sup> quarter.

- Start review of potential purchase of a Maintenance Building: The Chair requests that this item be held and considered at the end of the meeting. At which time, the item will be considered in Executive Session pursuant to A.R.S. § 38-431.03 (A)(7)

C. Finance Advisory Committee: E. Sullwold

1. Update on water billings, revenue and major customers.

- L. Burrueel reviewed the new financial statements. Explaining the changes and additions.
- Review historical water billings for the local golf courses. A tracking chart of the declining water consumption by the golf courses was reviewed (Attachment )
- There has been a decline in billings due to better water management by the golf courses. There may be some further decline if any of the courses "paint" their fairways in September and October. M. Cochran suggested in budget planning the committee should anticipate another 5,000 to 10,000 decline in revenue in the next year. An additional revenue hit will be from the increase CAP charge. Budget work will start in March.

2. Review of potential financing for replacement well #1

The Committee will hold off discussion till March when the committee hopes to have a completed scope of work with associated costs.

D. Personnel Committee: P. Carlstad

- In the next couple of weeks, there will be a meeting with the Board Chair and DM to begin discussions on salary philosophy and the personnel manual.

E. Chair Report: E. Sullwold

- The Chair advised that he had included his personal report in the monthly packet sent out to Board members. This report will include issues that have come up and thoughts on items being worked on.

- With the resignation of Curt Wagner both the Vice Chair and Technical Committee positions are vacant. P. Carlstad has agreed to serve as the Vice Chair. Robert Hedden will become the Chair of the Technical Committee.

**I move to nominate Pat Carlstad for the position of Vice Chair of the GVWD Board of Directors.**

**Move: M. Cochran      2<sup>nd</sup>: R. Hedden**

There was a call for nominations from the floor. There were no respondents

**Motion Approved: 4/0**

- The next order of business was to appoint and approve the 2019 Committee Chairs and members: The Audit Committee is no longer needed, and its responsibility will be absorbed by the Finance Committee. See Attached sheet. A motion was called for.

**I move to appoint the committee Chairs and members as presented.**

**Move: P. Carlstad      2<sup>nd</sup>: M. Cochran      Approved: 4/0**

The lack of volunteers was discussed. The plan is to mail out the volunteer brochure to the residents of the district. Several other suggestions were to contact the HOA presidents, the volunteer clearing center (Chamber affiliated), writing an article for the GV News, and added to the agenda for the GVC Board,

- District's attorney: E. Sullwold reported that Sara Derrick has left Mesch Clark Rothschild (MCR) Sara had been handling most of the Districts legal work over the past 2 years. The options are:

- The District can stay with Sara Derrick at her new firm (Kristen Wendler was the Districts attorney prior to Sara and is also with Farhang & Medcoff) and move our files.
- Stay with MCR and be assigned a new attorney.
- Find a new firm to represent us.
- After discussion the Board decided to have E. Sullwold and R. Hedden meet with Farhang & Medcoff and find out what the firm can and can't do. Do they have multiple attorneys that are experts in different areas we might need? Do they have any reasons that they may not be able to serve us due to a conflict of interest?
- P Carlstad would like to continue working with Tom Cope from MCR in personnel as he has knowledge of the district
- It is noted that there is no reason that we can't retain attorneys from different firms.

**I move that E. Sullwold and R. Hedden meet with Kristin Wendler and Sara Derrick at Farehung and Witkoff for a discovery meeting to make a recommendation to the Board.**

**Move: M. Cochran                      2<sup>nd</sup> P. Carlstad:                      Approved: 4/0**

- Changing March Committee and Board meeting: R. Hedden has advised that he will be out of town on the regular March meeting date. E. Sullwold calls for a motion to change the date for the meeting to March meetings to Monday March 18<sup>th</sup> for the committees and Thursday March 21<sup>st</sup> for the Board meeting.

**I move to change the March Committee and Board meetings to Monday, March 18 and Thursday, March 21.**

**Move: P. Carlstad    2<sup>nd</sup>: R. Hedden                      Approved: 4/0**

- Board Reorganization: Due to the loss of 2 board members and the leave of absence of D Hollingsworth during an extended vacation (Returning for April meeting) a discussion of our options was initiated. Per Statue, the established number of Board members (7) does not change with resignations. The Board quorum will remain 4 votes. Several options were reviewed.
  - Change standing Board dates as needed to assure a quorum is present
  - Decrease the size of the Board to 5 by resolution until such time as 2 additional candidates are found and can be appointed to the Board.
  - Increase search for additional volunteers and wait until D Hollingsworth returns for her extended vacation in April and re appoint her to the Board.
  - The decision is to make no changes to Board size for the next few months while searching for additional Board members and change the March Board meeting date to accommodate a quorum.
  - The clerk advises there is an existing statue that gives us up to 3 months to appoint new Board members.
9. Call to the Public: There was no response  
10. Announcements

- Next Tech and Financial Committee meetings are February 25, 2019 at 8 and 9 AM respectively

- Next Board meeting is February 28, 2019 at 9:30

- The Budget and possible Rate Public hearings will be held on June 27, 2019 at 9 AM immediately followed by the Board of Directors meeting.

- Due to Thanksgiving and Christmas Holiday both the November and December Committee and Board meetings will be moved up one week. Committee Nov 18 and Board November 21; Committee December 16 and Board December 19.

11. Executive session: The item from the Finance Committee which was deferred until the end of the meeting: "Discussion of purchase of a maintenance building", will be discussed in Executive session pursuant to A.R.S. § 38-431.03 (A)(7) to discuss financial options. The Chair called for a motion to enter Executive Session

**I move to enter Executive Session**

**Move: M. Cochran                      2<sup>nd</sup> P. Carlstad:                      Approved: 4/0**

The Board entered Executive Session at 11:45 and returned to Regular session at 12:15

**I move that Directors E. Sullwold and R. Hedden are authorized to negotiate the terms for the purchase of Maintenance building within the range established in Executive session with closing after an acceptable Environmental statement, a survey confirming land included and a written agreement on shared cost for the road serving the maintenance building and the adjacent mall.**

**Move: M. Cochran                      2<sup>nd</sup> P. Carlstad:                      Approved: 4/0**

9. Adjournment:

**I move to adjourn.**

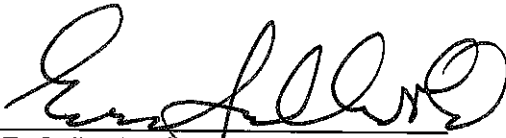
**Move: R. Hedden    2<sup>nd</sup>: M. Cochran                      Approved: 4/0**

The meeting was adjourned at 12:18 PM

Minutes approved February 21, 2019

GREEN VALLEY DOMESTIC  
WATER IMPROVEMENT DISTRICT

By Karen Thornton  
Karen Thornton, Clerk of the Board

  
E. Sullwold, Chair