



VILLA GRANDE

Domestic Water Improvement District

Note: All meeting minutes are posted for informational purposes only. The board of directors does not ratify meeting minutes until the next scheduled board meeting.

Minutes

May 22, 2025 • Regular Meeting

Call to Order: Bernie Vargas called the meeting to order at 7:04 pm.

Directors Roll Call: Present were Bernie Vargas, Allen Grant, Cauy Washburn, Terry Eickstaedt, and Ray Roerdink.

Discussion/Action Minutes: The Regular Meeting Minutes of 4/10/25. The meeting for 3/13/25 was canceled. A motion was made by Ray Roerdink to approve and ratify the minutes for the Regular Meeting Minutes held on 4/10/25 as written and seconded by Terry Eickstaedt. Vote unanimous 5-0. Motion carried.

Call to the audience: None present to address the board.

Discussion/Action: ADEQ/Nitrate Treatment System. We did hear from ADEQ regarding the Nitrate Treatment System. The ATC was filed and approved. The AOC for the Nitrate Treatment was filed and approved on 5/13/25. That had to happen before the AOC for Well #2 was filed because it was a conditional ATC dependent upon VGDWID installing a nitrate treatment system. The AOC for Well #2 has been filed and we are waiting for approval. ADEQ had come back to us several times asking for specific items including new source testing and Dina reminded them they had accepted the original source testing. The additional source testing was ordered and paid for by ADEQ and Dina requested those results from ADEQ because we didn't receive the test results. They did provide them, and Dina forwarded those results to the engineering desk at ADEQ. As of today, we are just waiting for the approval. They have been provided with everything they requested.

Discussion/Action: Well #1. Well #1 went down on 4/29/25. RHD had put the pump and motor in eight years ago. They weren't quite sure what the problem was. There was some question as to whether there was a hole in the drop pipe because the amps were up where they should be. Due to the fact the pipe had been in there so long, they needed to pull the pipe anyway. Joni had given the directors the initial quote in the amount of \$24,788 but that doesn't include the brush and bail as needed, hydrant hookup, hauling water, the video of the well before & after, etc. RHD had a cancelation and was able to come out the next day. They had a pump and motor on the shelf. They were at the well site about 6:30 am. The original cost was going to be close to \$27,000. Between the two well, we were only pumping about 23 gallons

per minute. Bernie and his son posted notices to all water customers for emergency water restrictions so customers would conserve on water as much as possible. We weren't 100% sure whether RHD could get the well back online that same day. They told us they wouldn't know until they pulled the pipe. RHD also had pipe available. The quote as mentioned earlier didn't include the labor for hauling water, the water truck rental or the water itself. We ended up only having to haul two truckloads of water. Jack offered to prepay the pump and motor and then bill us for it over a couple of months. RHD ended up staying until they got all the drop pipe, electrical, pump and motor, sounding tube, etc. installed and online before leaving. It was pumping 157 gpm when RHD got it running again. Joni Roerdink spoke with Travis at RHD and said we should be brushing and bailing each well every 3-5 years. Well #1 had not been done in eight years. Travis said it lasted longer than it should have. They replaced the drop pipe because they were so rusted and in such bad shape, they were afraid if they tried to unscrew them, they would break and drop back into the well. They didn't want to take that risk since it had been eight years. They did not do the video before and after since everything was new when installed. We will have to budget for the brush and bail along with the video for upcoming years. The customers were very good about conserving on water and didn't call me repeatedly. I posted updates on the website so I could keep the line open.

Discussion/Action: Well #2. Last month Joni stated it wasn't online. She was wrong. Jack did get it back online. Joni knew he had purchased the parts but wasn't aware it was finished. She saw the parts still on the ground. Jack told her it was a bypass that was installed years ago, and we didn't need it. It is online. The booster pumps are running fine.

Discussion/Action: Generator Maintenance Update. Terry Eickstaedt reported that the generator has 588.1 hours on it. The oil is good. The fuel tank was just above ½ tank. We did have a warning light come on indicating we have 75 gallons of fuel. Joni Roerdink emailed CG Fuels for diesel fuel a couple of days ago, but she hasn't received a response to date. She sent a follow-up email today. She has also called the store and there was no answer on several occasions, and the voicemail was unavailable because it was full. Joni stated we may have to find a new diesel vendor if we are unable to reach them. Terry Eickstaedt said everything else looked good and there were no bees.

Discussion/Action: Permits for Water Service. Joni Roerdink stated that she has started the letter to the residents but hasn't had time to complete it. It will have to be tabled. Joni has been busy due to other issues that have come up with taking care of correspondence regarding the ATC/AOC filings and other issues at the well site. She will get to it as soon as possible.

Discussion/Action: Water Theft. Joni forgot to add this item to the agenda but had provided the directors with copies of emails she had received regarding a water theft issue. We had a construction company sign up for water hydrant usage for a small project nearby. VGDWID was the closest water company. They had also provided the required deposit. Since the hydrant meter belonging to VGDWID was not working properly, they were told they had to provide their own hydrant meter, and they were told which hydrant was to be used. They were also told Joni had to be present when they installed the hydrant meter so she could get the beginning hydrant meter reading. On 5/2/25 Bernie Vargas had called Joni early in the morning and asked if we had a customer that had signed up for water service from one of our hydrants. He had seen a

water truck and crew pumping water. Joni said yes but they were supposed to contact her when they were ready to start their project and at that point had not done so. Joni immediately went over to the hydrant assigned to the contractor, but they were gone, and the hydrant meter had not been left on the hydrant as instructed. The hydrant was also left partially open and was leaking. Joni immediately emailed the contractor and told him he was to notify her when they were ready to pump water so she could be on site and get the beginning meter reading from the hydrant meter and the hydrant meter was to remain on the hydrant until the job was completed so she could get the ending hydrant meter reading. She asked him to call her immediately. Joni has not received a response to date and no record of the water usage. The crew was observed the following morning pumping water from the same hydrant. Joni again went over to the hydrant, and they were gone. On 5/13/25 Joni had received a phone call from a supervisor with Arizona Water in Casa Grande and told her they were dealing with a contractor that had illegally installed a hydrant meter on one of their hydrants in Casa Grande and one of the water technicians for AZ Water Company had noticed and reported it. The supervisor immediately contacted the owner of the construction company and asked where they got the hydrant meter. The owner said he had purchased it from us and explained they had installed it on the wrong hydrant and claimed it should have been installed on a different hydrant in Casa Grande. The supervisor seized the hydrant meter and told the owner of the construction company he found it hard to believe that he did not know he couldn't use the hydrant meter in Casa Grande or anywhere else outside of the fire hydrant agreed upon in our service agreement. The AZ Water Company supervisor told the owner he would be reaching out to Joni at VGDWID, and he would also be going to his General Manager at AZ Water Company. The Supervisor followed up his conversation with Joni with an email summarizing the conversation with her. He also included pictures of the hydrant meter.

Late that afternoon Joni emailed the General Contractor for the construction company in charge of the project that had hired the subcontractor and request the subcontractor call VGDWID to set up service. Joni sent a detailed email outlining what had transpired and the information she had received from AZ Water Company. She also told the general contractor that due to these violations - including unauthorized water use, failure to follow agreed-upon procedures, and installation of equipment outside of our district – the service agreement with the subcontractor would be formally terminated immediately. Joni also stated that if the subcontractor is observed within the water district, VGDWID would report it to law enforcement as water theft. The general contractor called Joni first thing the next morning. He was very upset. He stated this was not a subcontractor that they had used before and he would also try and get to the bottom of this issue. Joni had also copied all parties involved, including AZ Water Company of the issue.

Cauy Washburn had asked if we charge a deposit for the hydrant meter when we use our hydrant meter. Joni stated that we do. Cauy also mentioned that when we are allowing contractors to pump water from our hydrants that we will go through the media much faster. Bernie Vargas asked the cost of water pumped. Currently our rates are \$3.20 per thousand gallons. Eloy has increased their rates to \$4.22 per thousand gallons. Cauy Washburn recommended that VGDWID not sell water to outside contractors with water that is being treated for our community. It is not a money maker, but it can lead to a large expense when it comes to replacing the media to treat our water. Our priority is to provide safe drinking water to our customers. Currently we don't

know how much the media will cost us and how long it will last. Bernie Vargas asked if there was a connection at the well site before it gets to the treatment system. Currently there is not. Cauy Washburn mentioned that would be a dangerous situation due to contamination issues. A backflow would have to be installed and separated from the system. Ray Roerdink commented that he didn't see the benefit or the value of dealing with the issue of selling water for construction use. Cauy Washburn also commented that we don't know if they are hauling water to a different location for potable use. The directors discussed not allowing the sale of water for construction use due to the high cost of the media replacement. It would be limited to projects solely related to VGDWID projects only and the contractors that may be attached to that. No outside sales for construction projects. Bernie Vargas asked if we currently had any service agreements with any outside contractor for construction use. Joni Roerdink stated that there were none and the subcontractor had been notified that his service agreement had been terminated on 5/14/25 for unauthorized water use without documentation, failure to follow agreed-upon procedures and installation of equipment outside of our district. They were also informed the deposit would not be refunded and if observed within our water district in the future, VGDWID would report it to law enforcement as water theft. Joni Roerdink asked the directors if they would like her to send a letter to all water customers that we have had some water theft issues and ask them to contact Joni if they notice anyone in the area hooking up to one of our hydrants to report it to her. Joni would know if there was anyone in the area approve to pump water from one of our fire hydrants. The directors agreed to Joni sending out the letter to water customers to notify her if they notice anyone pumping from one of our fire hydrants.

Ray Roerdink made a motion to discontinue the sale of water to outside contractors unless it is for use in VGDWID projects only within the VGDWID water district. Terry Eickstaedt seconded the motion. Vote unanimous 5-0. Motion carried.

Discussion/Action: Budget and Rate Review for FY 2025-2026. The proposed Budget and Rate Review was presented to the Board of Directors for review. Joni asked for clarification about removing the hydrant fee completely since it would be restricted to VGDWID project use only. The directors stated yes. We can show it is restricted to VGDWID projects only.

With the drastic increase in supply costs, repair costs, etc. Joni proposed that we increase the water rates as outlined in the rate schedule presented to the board of directors. The increase is about a 20% increase in rates to cover our expenses. Joni was speaking to another water district, and they are increasing their water rates 22% each year for the next five years to cover costs of repairs and maintenance costs. Ray Roerdink had observed many water companies are doing the same thing throughout the valley and it is not just the small water companies that are being affected. Cauy Washburn made a comment about removing the 3", 4", and 5" water service lines on the rate schedule. We don't have any customers with those size lines. Joni stated when the rate schedules were set up 20 years ago, they were put on the rate sheet. Because of being a residential area, we don't need those larger water lines. County zoning restricts what type of structures can be built in the area and it is all residential. Cauy Washburn made the comment that VGDWID is not equipped to supply that much water. The board had Joni remove the 3", 4", and 5" lines from the rate schedule before publishing. Eloy, Coolidge and Casa Grande all have the same commodity charge of up to \$3.86 based on usage. They have tiered pricing increases and don't include any

water usage in their base fee. The surrounding cities all have a larger customer base than VGDWID to spread the cost across. If you calculate a water bill with the base fee plus the average water usage of 3,000 gallons, the cost is within just a few dollars of our base fee including the 3,000 gallons. The board asked Joni to increase the commodity charge to include the 20% increase to \$3.84 per 1,000 gallons. The service line has been increased to a base fee of \$6,200.00 and up. As Cauly Washburn mentioned labor is also going up for installation of service lines. The fee varies depending upon connection costs and what the contractor may run into installing the line. Cauly Washburn mentioned possibly sleeving a double line but there was concern that the line would be underground for undetermined amount of time and we have refused to connect previous lines due to the unknown condition of the line. Joni mentioned that our current vendor will not run dual lines at one time in a sleeve. They do offer a discount, but they won't run them together.

Joni doesn't have an exact count of the number of the two different size meters but estimates the increase of about \$16,000 annually for water charges on the base fee.

Joni will make the recommended changes suggested by the directors and email out a copy prior to publication.

Joni presented the Proposed Budget for FY 2025-2026 to the board of directors. Joni commented that most of our expenses stayed the same or slightly less than last year except for the salt for the nitrate treatment system. Salt was a huge increase. Advertising remained the same as last year. The audit will increase because of the startup of the new equipment, and they will have to update the asset list and the depreciation schedule. We also drew more than \$750,000 in loans therefore we are subject to a full-blown audit because of federal funding. That is outlined in our loan package. We haven't heard back from WIFA if they will require that or not. The insurance has gone up just a small amount, but it now includes D&O Liability Insurance which wasn't included before. The sales tax transactions are running about the same as last year. This amount is charged to the customer. Business expenses last year were \$2900 but we must pay about \$7500 for APP renewal fees. Those fees will be due in June 2026. These fees are renewed every five years. Legal and professional fees will remain the same as last year. Misc operating fees may be reduced a small amount to balance the budget. We didn't exceed this amount last year. Utilities have been increased about \$5,000 because utility rates are increasing. Lab tests last year were about \$1900 and have been increased to \$2500. Repairs and Maintenance have gone up drastically due to the increase in salt use. AdEdge had originally estimated salt use of about \$15000 per year. So far this year, we have paid almost \$15000. What Joni wasn't given when we received the estimate from AdEdge was the cost per pound or the annual usage. They only gave us an estimate of the annual cost. Right now, Joni is estimating an annual cost of \$43000. We are currently paying about \$0.26 per pound. She will continue to look for possible lower rates elsewhere. Cauly also mentioned he will also ask around for vendors. Joni did find out that if we don't purchase a minimum of seven tons, they charge a \$500 delivery fee. We are monitoring the salt levels closer so we can purchase a minimum of seven tons and avoid the delivery fee. Joni will probably remove the amounts set aside for the brushing and bailing to reduce the budget for next year. The brushing and bailing should be done in 3-5 years. We were also told the media should last about 5-7 years. Those two items we may have to make up for it next year when we don't have the APP fees coming up so quickly and can

budget for it. The additional costs paid out last year for extra work and training on the nitrate system were also included in maintenance and repairs this year. What we are currently trying to do is set up a sub-account, so we know exactly what we are spending on the maintenance of the nitrate system to include, labor, salt, etc. Last year we had no idea of the costs of maintenance of the system. We were basing it on numbers AdEdge provided and we have found the costs differed substantially. The debt service number that Joni just received back from the CPA had dropped to \$28537. The lots that we purchased from Mr. Shamp will be paid off next year. Joni still needs to work on a few of the numbers but will email the final proposal to the directors prior to publication. With the additional revenue from the 20% rate increase, it should help substantially. The tax levy increase is due to the Net Assessed Value increase by Pinal County based on the value of the property.

Discussion/Action: Pinal County Resolutions for FY 2025-2026. The Pinal County Resolutions are the same Resolutions that we sign every year for Pinal County. It lists the check signers, approval to invest funds, additional bank accounts and their purpose, authorized signers for transfers, etc. The verbiage is the same each year, but the form must be signed annually and submitted to Pinal County for the upcoming Fiscal Year. A motion was made by Allen Grant to approve the Pinal County Resolutions for FY 2025-2026 as written and seconded by Terry Eickstaedt. Vote unanimous 5-0. Motion carried.

Discussion/Action: Managers Report. Joni Roerdink reported the following:

- Water bills were sent out on 5/3/25. Final notices were sent on 5/3/25.
- Disconnects were scheduled for 5/14/25. Past Due Amount: \$1,655.27 with 18 past due customers. There were no disconnects for April.
- Joni has been working on Budgets and Rates for FY 2025-2026.

Discussion/Action: Equipment & Site Report/Lab Tests.

- Coliform sample came back absent.
- Nitrates came back at 6.76 mg/L. We only test quarterly so this is the last sample reading.

Discussion/Action: Meters/Installations/Reinstallations/Leaks/Repairs.

- We had two large leaks on Colt Drive last month and both were repaired. One was a service line, and the second leak was also a service line two doors down that it appears a heavy vehicle drove over. We could see the tire tracks. This is the third time this area has been repaired in the last couple of years. This spot also has multiple size piping making it difficult to repair. Jack needs to repair the entire service line but will do it when funding issues aren't so restrictive.
- We did install two new service lines.

Discussion/Action: Approve and Ratify Expenditures & Purchases. The Board reviewed the Expenditures and Purchases as submitted for April 2025. Cauy Washburn made a motion to approve and ratify the expenditures and purchases as

written. Terry Eickstaedt seconded the motion. Vote unanimous 5-0. Motion carried.

Adjournment: The agenda being completed; Bernie Vargas adjourned the meeting at 8:15 pm.

Date: _____

Bernie Vargas

Allen Grant

Ray Roerdink

Cauy Washburn

Terry Eickstaedt