



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

June 6, 2018 Regular Meeting

Call to Order: Allen Grant called the meeting to order at 6:02 pm.

Directors Roll Call: Present were Allen Grant, Terry Eickstaedt, Cauy Washburn and Ray Roerdink. Both Bernie Vargas and Cauy Washburn will arrive a few minutes late. Bernie Vargas and Cauy Washburn arrived later.

Discussion/Action Minutes: Minutes from May 2, 2018 Special and the May 2, 2018 Regular Meeting. A motion was made by Ray Roerdink to approve and ratify the minutes for the 5/2/18 Special Meeting and the May 2, 2018 Regular Meeting as written and seconded by Terry Eickstaedt. Vote unanimous 3-0. Motion carried.

Call to the audience: Allen would like to recognize Ray Miller, Joni Roerdink, Linda Taunt (ADEQ), Fiona Jordan (M3 Engineering), Adam Edwards (M3 Engineering) and Jack Cook.

Discussion/Action: M3 Engineering. Fiona Jordan and Adam Edwards were present to discuss the 4/13/18 revised LOR (Letter of Recommendation) submitted to VGDWID for the different treatment options for the nitrate issue. The LOR outlines the quotes received for the different systems and how to handle the reject stream. All systems will have a reject stream that must be managed. Because there is no common sewer water treatment system in the area, it makes for more limited options. Two quotes were for the ION exchange system and one quote was for an RO system. The RO system was the least expensive system but it also had the highest reject volumes, which would make managing the reject water much more challenging and expensive. Fiona had contacted CAIDD regarding taking the water and they refused. This pushed us back to examining the ION exchange. The LOR recalculated the reject volumes and will require an evaporative pond for the different systems and the cost to maintain and manage the different systems. Allen Grant asked about the “extra” tank that was suggested possibly to blend the treated water. Fiona commented it was added just to give VGDWID extra flexibility or storage and for possible growth. The cost of the tank is an additional \$100,000.00 installed. That does not include the concrete pad. This would be considered an “optional” tank. This could be added later.

Linda Taunt (ADEQ) mentioned the site visit in late April when Adam Edwards (M3 Engineering), Linda Taunt and Jason Bobko (ADEQ), Jack Cook and Joni Roerdink were all at the well site testing the “pump to waste” recommendation made by ADEQ to try and lower the nitrate level. Linda had also spoken to CAIDD and they don’t want the pump to waste water either. This is untreated ground water. Adam had measured several different location possibilities because of the land VGDWID owns. It offers several different options for evaporative pond sizing. Adam calculated capacity sizing for the “worst” months (November-February) where evaporation will not be rapid as the rest of the year. Cauy Washburn mentioned that we would like to have the pond where we would not have to have the expense of having it pumped. Adam had factored that in the size of the pond so it would hopefully not have to be pumped at all.

Allen asked about the pump to waste. He wanted to know if it will work. Linda Taunt again mentioned the site visit in late April and during the testing done at that time, it worked as expected. Linda explained that a lot of the larger water companies do this routinely. Pump to waste is a good starting point before moving toward a more expensive treatment system. Linda recommended VGDWID use the pump to waste first for 2-3 months before moving forward with a nitrate treatment system. Linda Taunt spoke to the engineering desk about closing out the conditional ATC for well #2 if the pump to waste was successful. It would require 3-4 months of data to be reviewed by the engineering desk to close out the conditional ATC and issue the final AOC.

Linda Taunt also mentioned that ADEQ has also been speaking to Joni Roerdink about getting well #1 back up and online. ADEQ is recommending that WIFA possibly help with funding for well #1. The booster pump is more of a maintenance issue so it may not meet the requirements for the grant program. Ray Roerdink mentioned the board of directors had already approved to get well #1 back online. Linda Taunt recommended that no money be actually spent on well #1 until VGDWID actually has a signed grant approval or it will not be covered. WIFA can't reimburse something that is done before you are under contract. ADEQ should be able to get the recommendation to WIFA within the next few days. Expected time for approval should be less than two weeks.

WIFA has also changed some of their procedures to include hiring an engineer to assist and it would be rolled into the loan such as the engineering drawings. Joni confirmed with Fiona Jordan the engineering was included in the "indirect" fees outlined in the LOR. WIFA has programs for the design piece.

Some additional questions raised by the directors for M3 Engineering were:

1. How many hours a day would the nitrate treatment systems need to be monitored? System is designed to run continuously but recommends the operator check daily to make sure it is running properly. Fiona will email specific media type used but it was included in the annual costs shown in the LOR.
2. Will there be vendor provided training for the system? Not much training involved because it is primarily plug and play but there would be an additional cost if we wanted the vendor to give additional certified training. Other costs are included in the "indirect" costs.
3. Does the operator monitoring the system have to be a "certified operator"? The vendor said no. ADEQ may have different requirements. Linda Taunt will check with ADEQ.
4. Does the system have to be in an air-conditioned building? It is recommended to have the system set up to have airflow re-circulated or vented. The storage unit that we have is not large enough but the system doesn't need to have an HVAC unit in it. The system needs to have ambient temperature. The engineer may be able to make some modification to the existing storage building to make it work. Some of the tanks may be moved so the control components are inside. The estimated size was 60 x 20 x 12 feet. It may be that we can put up just an awning to keep the direct sun off the system.

Discussion/Action: ADEQ. Linda had already presented some of the information earlier with Fiona and Adam during the discussion from M3 Engineering. Linda also brought a copy of the ADEQ consent order that had been discussed but VGDWID had not received. The directors will review. The consent order requires pump to waste as a test. The consent order also goes into the specifics and timeline for the testing to be submitted to ADEQ. If successful, everything would be submitted to the engineering desk to close out the conditional ATC and issue the AOC. If it doesn't work, there is an agreement in the consent order to move forward with the installation of the nitrate treatment system. Linda recommended finishing up the PPL (public priority listing) to get in line for the funding. Linda also mentioned that ADEQ is working to get VGDWID recommended for approval for a grant to cover the cost of getting well #1 back online. Joni provided all the costs to Linda Taunt to help get things moving forward quickly. Joni asked for clarification regarding the eight samples pulled for pump to waste. Do they have to be lab certified samples? Yes, the lab must certify those eight samples.

Discussion of the WIFA Financial Assistance included the information packet provided to the directors, which included the following (Fiscal Impact of WIFA Financial Assistance Estimate):

1. Expected cost
2. Median household income for the area
3. Average rate for the area
4. VGDWID existing debt on existing loan
5. Number of existing debt
6. Population for the area
7. VGDWID recognized as a colonia

WIFA may be able to help with the following:

1. Total Requested - \$260,000
2. Forgivable Principal - \$130,000
3. WIFA Funded Amount (loan amount to be repaid) - \$130,000
4. Term – 20 years
5. Combined Interest & Fee Rate
 - Interest Rate Index – 2.92%
 - Subsidy Rate Index – 70.00%
 - Combined Interest & Fee Rate – 2.044%
6. Approximate Annual Fiscal Impact Amount - \$9,581.01

**These are estimates. The interest rates move constantly and actual financing would be priced just prior to closing. Forgivable principal is subject to availability and borrower need.

Linda Taunt raised the question to WIFA of whether or not VGDWID would have to have a rate increase to service this loan. Sara Konrad (WIFA) said no.

Allen Grant asked if the nitrates were the only compliance issue for ADEQ. Linda Taunt stated it was the only compliance issue for the water quality.

As per the conference call with Linda, Fiona, Adam and Joni, the question was raised as to whether or not the DWID had to place a legal notice in the paper regarding securing the financing for the nitrate treatment system. Joni was asked to contact our attorney for legal advice. Stephen Cooper replied that we would have to publish to seek bids for the work or if this was to be paid by a bond which had to be approved by the district voters. Stephen also replied the statues do not require a resolution to have debt forgiveness. Other than these items, we don't need to publish.

Adam Edwards made the comment that if an area is excavated for the pump to waste water, try to put it between the two wells. If at a future date the evaporative pond must be installed for the reject water, we could save some of the cost by using the area used for the pump to waste. It was also recommended to apply for a variance for the freeboard with ADEQ prior to any other work.

The board of directors thanked Linda Taunt, Fiona Jordan and Adam Edwards for coming and presenting the information to the board. They were invited to stay for the remainder of the meeting if they would like to.

Bernie Vargas arrived and Allen Grant turned the meeting over to Bernie to handle the rest of the agenda items.

Discussion/Action: Elections. As of 6/6/18 there have been no inquiries from the public regarding the upcoming positions. The information was also in the monthly letter sent out with the water bill for the past two consecutive months. Joni Roerdink heard from the elections department today informing her the Board of Supervisors approved the IGA submitted last month. The original has been signed by the

Board of Supervisors and will be mailed to VGDWID. Now the legal notice will be published in the newspaper. If two people or less run for the two positions, a letter must be sent to the Board of Supervisors informing them there are two people or less running for the position and it will be removed from the ballot and the Board of Supervisors will appoint individuals to the position.

Discussion/Action: Well #1. Joni Roerdink submitted the quotes to Linda Taunt for the rehab of well #1 as outlined by her request for parts and installation for possibly grant funding. Linda mentioned to Joni this morning that a signed contract with WIFA had to be in place before any work is started. Joni immediately let Jack know we had to have the contract signed first. He postponed the start date. Joni also received an email this morning with the consent order from Stephanie Diaz at ADEQ. Joni immediately opened the file and noticed the address was incorrect. She responded asking to update the incorrect information so it could be signed at the board meeting. Joni didn't receive an updated copy by email. Linda Taunt called Joni late this afternoon and mentioned she was bringing it to the meeting.

Ray Roerdink asked if Joni was going to finish applying for the WIFA funding. Joni said she would immediately provide any other information they need to get it through quickly.

Discussion/Action: Well #2. The pump to waste that was outlined in the consent order has been installed on well #2. Jack is in the process of doing the programming. It should be completed within a couple of weeks. Jack is going to run a hose out the west side of the fence unless the board wants something different at this time. Jack is attempting to keep the water away from the well yards.

Jack also replaced a check valve that was not working. Jack also switched the chlorine tank to one that was UV rated to help keep the chlorine from degrading. He also had a problem with the ejector plugging up. He believed part of the problem was due to the check valve and water flowing back. It has been repaired.

Discussion/Action: Well Site Security Update. Allen Grant said the top rail is done on the north side. Allen and Terry Eickstaedt also did some work on the gate. They need to do some more work on the gate before it is complete. It needs some more bracing and welding. Until a decision is made regarding the ponds, Allen thought we should wait before completing work on the west side. Allen also stated we have the materials for the posts but not the top rail.

Discussion/Action: Generator Maintenance Update. Terry Eickstaedt stated the generator had 306.1 hours on it. He checked all the fluid levels and found they were good. Terry Eickstaedt said there were no bees at the well site.

Discussion/Action: Managers Report. Joni Roerdink looked at the calendar for July and noticed the first Wednesday of the month is July 4, 2018. Joni made a request to move it back to July 11, 2018. Terry Eickstaedt made a motion to move the meeting back to July 11, 2018 at 7:00 pm and seconded by Ray Roerdink. Vote unanimous 5-0. Motion carried.

Joni prepared the 2018-2019 Pinal County Resolutions, which must be initialed and signed every year. An advance copy was provided to the directors for review prior to the board meeting. This resolution authorizes the County to do fund transfers, resolve warrants, etc. It also must list any outside account and the purpose of the account. Our only outside account is with Great Western Bank for credit card payments. Everything is the same as last year. Ray Roerdink made a motion to accept the 2018-2019 Pinal County Resolutions as presented and seconded by Terry Eickstaedt. Vote unanimous 5-0. Motion carried. Joni Roerdink will submit to the county on June 7, 2018 for timely submission.

- Water bills were sent out 6/3/18. Final Notices sent out 6/4/18.
- Disconnects are scheduled for 6/14/18.

- Delinquent Amounts: \$1,167.33 (17 past due accounts).
- One water customer passed away last week.
- One water customer moved.
- Pinal County raised the sales tax from 6.7% to 7.2% - increase shown on water bill.
- Henry & Horne Engagement letter was reviewed and signed electronically by Ray Roerdink as the DWID clerk. Cost was the same as last year.

Discussion/Action: Equipment & Site Report/Lab Tests. The Coliform test came back as absent and submitted timely. The last nitrate sample taken in May was 10.7 and the resample came back at 10.6. The notices were posted and the Certificate of Public Notice was submitted to ADEQ as required.

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

- Large leak on Colt Drive was repaired. The leak was on DWID side.
- Multiple meters and boxes were replaced. Three couplers split and Jack had to go back and replace them again. They were parts we had on hand. Joni asked Jack to get rid of them and replace with new ones. We didn't know how long we had them. They could have deteriorated due to the heat.

Discussion/Action: New Water Line Installation. Water loss across the canal was 90,643 gallons last month. Jack shut off the water off for 30 minutes as directed by the board. The water loss was 26 gallons during the 30 minutes the water was shut off. Jack wants to confirm information with CAIDD and find out if we need any type of permitting. Cauy Washburn mentioned that Brian with CAIDD wanted to meet with the contractor that would be doing the work. Jack will get something signed off by Brian. Joni will email the contact information to Jack.

Discussion/Action: Approve and Ratify Expenditures & Purchases. The Board reviewed the Expenditures and Purchases for the month. Ray Roerdink made a motion to approve and ratify the expenditures and purchases as written for May. Allen Grant seconded the motion. Vote unanimous 5-0. Motion carried.

Adjournment: The Agenda being completed, Bernie Vargas adjourned the meeting at 7:37 pm.

Date _____

Bernie Vargas

Allen Grant

Ray Roerdink

Cauy Washburn

Terry Eickstaedt