



# 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

July 13, 2022 • Regular Meeting

**Call to Order:** Allen Grant called the meeting to order at 6:59 pm.

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

**Discussion/Action Minutes: Minutes from the Special Meeting the Regular Meeting held on 6/8/22.** A motion was made by Ray Roerdink to approve and ratify the minutes for both the Special Meeting Minutes and the Regular Meeting Minutes held on 6/8/22 as written and seconded Cauy Washburn. Vote unanimous 4-0. Motion carried.

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

**Discussion/Action: Pinal County Election Update.** Joni stated that we have two board seats up for the General Election on 11/8/22. Joni submitted both candidate packages that were submitted to her to the election department. The election department did acknowledge the packages were received timely. Now we wait to see if any additional candidates filed with the election department directly since nobody had contacted Joni Roerdink at the office. A notice was sent out to all customers on 6/1/22 with their water bill announcing the general election for 11/8/22 and the two available seats. If nobody submits candidate packages for the general election, our election would be cancelled, and the Board of Supervisors will appoint the two candidates that had submitted their nomination packages for the two seats available.

**Discussion/Action: ADEQ/Nitrate Treatment.** Currently we are waiting to see how we can proceed at this point. Joni provided the two bids that were received on the project. It's in spreadsheet form, comparing bids side by side. These were the only two bids we received. Originally back in September there were 8 – 10 bidders prior to pausing the project to wait for a decision from Pinal County. All other bidders backed out. The reasons given were that are overwhelmed with projects and can't take this on. Dina and Craig, WestLand Resources, didn't even want to let us know how high the bids were. They ended up rejecting both bids because of the increase in prices during the past 9 months. They can do this because it exceeded the budget by nearly a million dollars. One bid came in at 1.4 million dollars and the second bid came in at 2.4 million dollars. The original bids were about \$450,000.00. Parts prices have double and tripled in many cases. The steel tank for example was originally

quoted at \$55,000. The new bids are \$423,000 and \$220,000. The cost of steel has increased dramatically. Another item was the electrical. The original quote for all electrical and controls was \$171,649.63. The new bids were \$440,000 and \$800,000. All the conduit and wiring were included in the original quote of \$171,649.63. The new bids are \$17,210 and \$250,000 respectively in addition to the \$440,000 and \$800,000 bids. The aluminum shade structure was originally quoted at \$9,500.00. The new bids are \$71,800 and \$100,000. These are just a few of the increases that affect our project costs. Dina had contacted WIFA to see what we can do such as jobbing out specific jobs. WIFA did get back to us and said we could reach out to the JOC (Job Order Contract) program. These are all companies that have been vetted and approved by WIFA for government jobs and/or projects. WIFA is just learning about this program. We would have to enroll in the program. We were in fact eligible because we are subject to the BIL (Bipartisan Infrastructure Law). Joni did enroll at no charge, and we were accepted. So far, it doesn't appear that it will help much because the parts and labor are subject to federal rates, we still have to have the money to proceed with this route. Any federal funding is subject to pay the federal rates (i.e., labor, etc.). Joni was also asked to call Linda Taunt at WIFA to see if there were any other available funds in the form of grants. Since we were granted over \$160,000 last November, they may not have any available funds for us. Joni will keep looking. Joni hasn't called her yet because Joni had also been in touch with Tamara DeLeon with RWAA. She is the executive director that had reached out to Joni as a follow-up to the Circuit Rider that was out taking samples at the well site for a test that may become one that will be required next year by the EPA. She had heard about us and wanted to talk to Joni more about the situation we are in. She had asked to come out to the well site and meet with Joni and see the site and get more information. She also wanted to discuss possible grant money from USDA. Joni has a call into her, but she was out of town and would get back to Joni once she returned and set up an appointment. Joni also reached out to Samantha Lemke to see what options she recommended. She stated that since we hadn't taken any draws on the second loan at this time, we could apply for more money which means a larger loan payment. There may be principal forgiveness, but they don't guarantee how much. Joni was told a couple of years ago, the higher the loan amount the less principal loan forgiveness. As of today, the total of the two current loans is \$788,000. Our current loan payments are \$416 per month for the two loan payments. If we were to borrow more it could easily be \$1,500 or more per month. If we ask for more money, we have to ask before we take any draws on it or we have to go through the entire loan process again (new loan application, refile all new paperwork, etc.). It will take 4-6 months again. The principal loan forgiveness may drop to 50% or less. We also can't file for a new rate increase until June of next year because it is part of our annual budget and rate schedule submitted to Pinal County each year. Samantha Lemke also mentioned that we would still have to maintain the 1.2x debt coverage in our budget which we can't change until next year. Debt Service refers to the money required to pay the principal and interest on any outstanding debts for a particular period of time. The debt service coverage ratio (DSCR) is a key measure of a company's ability to repay its loans, take on new financing and make dividend payments. WIFA requires a 1.2x debt coverage be reflected in our budget.

The directors are concerned about us owning a nitrate treatment system that we can't afford to install due to the skyrocketing costs of labor, materials due to Covid, shortages, labor shortages, etc.

Joni Roerdink is currently working on finding grants to cover the additional costs. She was asked to check on the JOC contractors' costs. Joni will check to see if there is a list of procurement contractors. According to the BIL, we have three options of hiring contractors.

1. The Traditional Bid process that we have already done.
2. The CMAR which is a Construction Manager at Risk (selected by qualifications usually put out to several companies via a RFQ (request for qualifications) and then negotiate the cost.

3. The JOC contractors are pre-qualified and have a schedule of values for the work. They are authorized through a State process.

These are the only processes that we can use.

**Discussion/Action: Well #1.** No issues with Well #1 during July.

**Discussion/Action: Well #2.** No issues with Well #2 or with the booster pumps.

**Discussion/Action: Generator Maintenance Update.** Terry Eickstaedt stated the generator has 444.00 hours on. Terry also stated that he hasn't fixed the tiny leak yet because it has just been too hot. He will still get to it. There were no other leaks observed. He noted the weeds have been cleaned up. There is currently a full tank of fuel and everything else looks good. Terry reported he had not seen any bees at the site.

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

- Water bills were sent out on 7/2/22. Final notices were sent on 7/2/22.
- Disconnects are scheduled for 7/14/22. Past Due Amount: \$ 1,862.21 with 24 past due customers.
- Joni stated she had submitted the Combined Resolutions to the Treasurer timely.
- Joni also submitted the approved FY 2022-2023 Budgets and Rates to the Special Services Administrator at the office of Special Districts timely.
- Joni submitted the CCR's timely as required.
- Joni provided the directors with a copy of the Change Order #2. It addressed the issue of extending the bidding process and research additional funding options. Some of this would be paid for with the grant money which was due to changes made by Pinal County. Thus, we wouldn't have to use funds from the loan.
- Joni has spent considerable time trying to find additional grant money. Grants do not have to be repaid. We just have to use them for the purpose granted only and allow inspections to the work being done.

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

- Coliform sample came back absent.
- Jack worked around the well site to clear some the weeds, spraying emergent / weed killer, and running and adjusting compressor for the hydro tank

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

- We had an emergency leak on Pinto Drive. The isolation valve may have been run over again but it was hard to tell with flooding water. The repair was made and returned to service the following day. Joni had called the customer and told him we would be shutting the water off for a day or so until the water subsided. The customer does have animals and said he would haul water if needed for a day or so.
- We may have to put up a steel pole to stop people from drive over it. This the third incident with this isolation valve in one year.

**Discussion/Action: Approve and Ratify Expenditures & Purchases.** The Board reviewed the Expenditures and Purchases as submitted for June 2022. Cauly Washburn made a motion to approve and ratify the expenditures and purchases as written. Terry Eickstaedt seconded the motion. Vote unanimous 4-0. Motion carried.

**Adjournment:** The Agenda being completed; Allen Grant adjourned the meeting at 7:38 pm.

Date: \_\_\_\_\_

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Bernie Vargas

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Allen Grant

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Ray Roerdink

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Cauy Washburn

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Terry Eickstaedt