



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

February 7, 2018
Regular Meeting

Call to Order: Bernie Vargas called the meeting to order at 7:03 pm.

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

Discussion/Action Minutes: Minutes from January 3, 2018 Regular Meeting. A motion was made by Terry Eickstaedt to approve and ratify the minutes for the 1/3/18 Regular Meeting as written and seconded by Cauy Washburn. Vote unanimous 5-0. Motion carried.

Call to the audience: None present.

Discussion/Action: Well #1: Ray Roerdink had contacted Jack Moore regarding a quote to install the pump in well #1. Jack said he would try to have it out today, 2/7/18. Ray had not received it prior to the February meeting and neither had Joni Roerdink. Coolidge Pump did meet Jack Cook at the well site on 2/5/18 to determine how much pipe was needed and cable to provide the requested quote. It was also discovered the wellhead it missing. Jack Cook asked if the crew from Coolidge Pump picked it up when they were working on the well. Ray Roerdink also called Jack Moore to see if he knew anything about the missing wellhead. Jack Moore said they would have no reason to move it. He mentioned that Tom Hoover and his crew might have moved it when they came in to do the cleaning and the video scan. It would probably be similar to the wellhead on well #2 but much larger. Jack Cook suggested the cable be replaced when the pump is installed and stated it was common practice. Jack Moore didn't think anything was wrong with it. Allen Grant questioned the condition of the pump after sitting for a year. Cauy asked the size of the pump. Jack Cook stated it was 50 hp. Jack Cook stated his experience was the motor generally went out and it would be replaced. Jack Moore said he would quote a new pump and Cauy Washburn recommended Jack Cook check with Preferred Pump in Tucson for pricing. Jack Cook had contacted Danny Baeza to ask what well #1 output was. Danny stated it was 100 gpm. Jack will check on pricing. Preferred Pump just sells the pumps, no installation. Preferred Pump also sells the cable and drop pipe. The board is concerned about sand in well #2 and having it go down again. The priority level of getting well #1 back online has been moved up. Jack Cook also stated that Coolidge Pump still has not gotten back to him regarding the timer that went out. Jack Cook is getting the timer from another vendor. We also need to get pricing for an inline sand filter. Jack Cook recommended having a couple of sections of pipe on hand (protected) in the event the sand issue creates another problem in the future. Allen Grant also asked that we get a report back from the vendor at any time the well is worked on. By requesting a written report from vendors on work completed, routine maintenance can be scheduled for completion during the down time, saving money for the water company. All board directors agreed. Cauy asked Jack Cook if he had the availability to drop a sounder down to get the static depth. The vendor will also need to do a site visit due to the missing wellhead.

Discussion/Action: Well #2. Same discussion as for well #1. We are still waiting for the written report from Jack Moore regarding the work done in November when the pump, motor and drop pipe were replaced. Allen Grant mentioned that he had noticed a strong chlorine smell at his kitchen faucet and asked if that was natural. Jack Cook will double-check the chlorine level. It should not be noticeable. Allen's house is first on the line. Jack check's the chlorine level once or twice a week. Ray asked if the board was moving forward with the larger pump replacement quoted from Coolidge Pump. The other directors felt we need to put well #1 back online first. The current pump is keeping up with demand at this time. It was also suggested that when the pump is replaced that we check to see if sand needs to be cleaned out while the pump is out. The current time line is taking a month or so for quotes/costs to be provided. If we can get quotes back timely, the board can get meet and approve before the next meeting. Ray Roerdink asked how we find out what we need to get well #1 up and running so we can take well #2 down and replace the pump with a larger one. Cauly Washburn said that was the reason he had asked earlier about having a sounder dropped so we know what we need. Jack Cook stated it should probably run about \$1500 - \$2000 to have it installed if we have everything on hand.

Discussion/Action: Well Site Security Update. Allen Grant stated that about half of the posts are set along the Appaloosa Drive fence line. Allen and Terry have been working on it. They are about half way. Cauly, Allen and Terry discussed how the gate should be constructed.

Discussion/Action: Generator Maintenance Update. Terry Eickstaedt had gone over to the generator before the February meeting. He checked the air filter and all the fluid levels were good. We are still are above ½ tank of fuel. The generator had 290.6 hours.

Discussion/Action: ADEQ. Joni Roerdink spoke with Linda Taunt from ADEQ on 2/2/18. Linda thought she might have a possible funding source. After Joni mentioned her discussion with Fiona at M3 Engineering and the cost of the project, we would not qualify for the funds. Joni spoke with Fiona and she said she was trying to finish up the design and then she would need to take it to ADEQ for approval. ADEQ has to approve it before anything can be done. If it is not approved she will have to go back to the drawing board and make more changes. When Joni spoke with Fiona last month, the cost was estimated to be right back in the ballpark of the quotes NCS quoted in 2014, which was approximately \$500,000.00. In speaking with Linda Taunt, she stated that if the cost is that high, we will have to go back to USDA for a loan because WIFA will not grant a loan that large. If we go for a grant, that will also take additional time. Cauly Washburn asked if Hennesy Mechanical had called Joni. Matt McEachern from Hennesy did call and apologized for not calling back earlier. Matt said that he believed when Joni had called Pat Hennesy and requested information that it was during the time period that Pat was retiring and was on his way out the door. He said he was sorry they dropped the ball. Joni had spoken to Jack to see if he could contact Matt because Matt needed current lab tests to size the system. That way Jack could answer any other questions he may have. Terry Eickstaedt asked if there was an estimate on the maintenance cost of the system. The cost would be about \$50,000 annually and the system would have to be checked daily. A lot of the labor costs that Fiona had figured into the project were calculated at \$85.00 per hour. We could do it for much less thereby reducing the costs.

Discussion/Action: Managers Report. There are 22 delinquent accounts totaling \$1500. Disconnects are schedule for 2/13/18. We did not have any disconnects in January. Ray Roerdink and Joni attended an ADEQ training in Pine Top, AZ on 1/30/18. Some of the topics discussed included setting up an asset management planning system and GASB 34, which is a government accounting system that defines government accounting principles. Since we are a government agency, we may be subject to the same guidelines outlined therein. Joni has not had a chance to review prior to the meeting but will try to have it for the next meeting. This may be where purchasing requirements, three quotes and other guidelines are set forth. Joni stated that even the reporting to Pinal County each year is part of the accounting standards set forth for government entities. The asset management planning system was suggested to be set up with the useful life in years, the current condition of the assets, the number of years until action is needed, estimated cost for repair or maintenance and the reserve required each year to meet that expense. Each asset should be listed by priority service or maintenance. Joni will start working on the list as soon as she can. As was brought out in the training...you have a small community

and all of a sudden you have a large repair and the costs have to be paid by the customers. By having the asset management plan set up and have the costs in place, system maintenance can be done timely with the money on reserve. We own it...we have to pay for it.

A topic that was also covered during the training was the SWP report that Jack Cook and Joni just completed and had to submit in January. That report was completed and submitted by the extension date given. This was the report not completed in 2012 as required.

Steven May, from Henry & Horne, emailed a draft of the annual report that is due on 2/25/18 to Pinal County. Everything in the draft was what Joni had reported to Henry & Horne. Steven also reviewed all the questions that had to be confirmed regarding any outside litigation for any particular item, etc. with Joni to finalize the report. The only item he needs now is the Representation Letter and the Journal Entry Report signed by Bernie as the current chairman and initial the change and adjustment they made on the Journal Entry Report that were submitted by VGDWID in the amount of \$22,750. Joni had charged the amount to services for well #1 drilling but had questioned if it was charged to the correct account. Marilyn Mays, CPA from Henry & Horne, called and spoke to Joni and it was suggested that it be moved from services to repair. Joni had also discussed a couple of other expenses for the other repairs in November 2017 and January 2018 on well #2. Joni asked if it had to be considered a repair versus an upgrade, which would then be capitalized and depreciated. If repairs improve or upgrade an asset they should be capitalized and depreciated over the life of the asset. Marilyn stated that generally there is a dollar amount set. In the case of VGDWID, she suggested if less than about \$15,000, classify as a repair. The actual repair was about \$15,000. The hauling of water and the purchase of the water is an expense not associated with the actual repair. Joni also asked about the purchase of the additional lots we acquired in 2017. Marilyn said that since VGDWID operates on a "cash basis" method rather than accrual method she wants Joni to create a spreadsheet of the purchase of the property and calculate the depreciation every year. She also wants Joni to track the interest we pay annually for the property. That way if the water company changes accounting methods from a cash method to an accrual method, it will be easy to change over because she will have all the information within one spreadsheet. Joni Roerdink will have Bernie Vargas sign the annual report tonight at the board meeting and Joni will email the copies to Henry & Horne. Henry & Horne will submit the report to the county. The cost for the annual report is \$3,900. The cost remained the same as last year.

Discussion/Action: Equipment & Site Report/Lab Tests. We are only required to test nitrates quarterly per ADEQ. The last nitrate sample was taken in January and came back at 14.0 ppm. The last few months it has gone back and forth between 13 ppm and 14 ppm. The coliform sample came back normal and was submitted timely.

After the last equipment failure and the tanks ran dry again, booster pump #2 started to leak again. Jack Cook repaired the leak without purchasing additional parts because we had spare parts on hand. He does not have any spare parts left. Jack also spoke to the directors about the possibility of him completing the repairs for the piping in stages. That way the costs could be spread out over a few months. The board is aware of all the piping that needs to be replaced between the booster pumps and the hydro tank. Ray Roerdink asked what it would cost. Jack stated the least expensive way to repair would be at an hourly rate plus the parts. Jack Cook outlined with directors regarding how he would like to proceed in each phase until the project is complete. The final shutdown may only need to be about four hours to change over. Jack estimated the cost to be about \$15,000 including parts and labor. Jack recommended moving forward according to the order of operation. Jack also addressed the line for going over Shedd Rd. The outside vendor quote came in at \$42,500. If Jack could do it on an hourly basis with a helper, he could probably do it for about \$5,000 plus the pipe.

Discussion/Action: Meters/Installations/Reinstallations/Leaks/Repairs. Jack Cook replaced three meters and six boxes during January. We are out of 1" meters. Jack will get with Joni and order more meters so he can finish replacing the bad meters.

Discussion/Action: New Water Line Installation. Joni Roerdink presented the board with the updated water loss between the NWC meter and the meters on Carter Lane. She also added another column with the dollar amount of

the water loss each month. Joni calculated the cost just on water cost per gallon without the base service fee included. That is how Eloy charged us when we had to buy water from the City of Eloy. If done using this method, the cost is much cheaper. Since July of 2016, the average charge for water loss is about \$110 per month. That would take over 32 years to recover the \$42,500 paid out to replace the line based on the quote we received to make the repair. Allen Grant asked if Jack Cook could draw up a plan to complete as he outlined during the board meeting including pricing. He said he would.

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

Adjournment: The Agenda being completed, Bernie Vargas adjourned the meeting at 8:30 pm.

Date _____

Bernie Vargas

Allen Grant

Ray Roerdink

Cauy Washburn

Terry Eickstaedt