



# 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 1, 2019 • Regular Meeting

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

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

**Discussion/Action Minutes: Minutes from April 3, 2019.** A motion was made by Ray Roerdink to approve and ratify the minutes for the 4/3/19 Regular Meeting 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.** David Burchard and Victor Scherer from ADEQ with the Source Water Protection Plan (SWP). David Burchard reviewed and discussed the SWP he prepared. The purpose of the plan is to provide information regarding how to protect your water source from contamination in the future and long term. David prepared an internal report for ADEQ that we have struggled with high nitrates for years. There was an exception in 2016, which reflected we were below the MCL for the entire year. He stated he didn't know the reason unless it was farmers possibly not fertilizing or not fertilizing as much. During his research, he found we have always had high nitrates due to the agriculture in the area. In 1958 the records reflected high nitrates. The aquifer we are in is deep and water is not a problem.

After trying the pump to waste as required by ADEQ, it was discovered the nitrate level didn't change. It was hoped the nitrate level would drop by pumping the water on top out before pumping into the storage tanks. It dipped once but not enough.

David prepared a SWP that shows the well and the area we need to protect around the well. His plan reflected that if there were a spill, how long it would take to contaminate the well. The well pulls in water from all around the well. David mentioned some farmers might use the fertigation method of fertilizing. Fertigation is a method of fertilizer application in which fertilizer is incorporated within the irrigation water. That method has proven effective for farmers but also adds to the nitrate issues by being absorbed into the ground water.

The SWP does make some recommendations we can share with others. Let people know how they can help. We can speak to the farmers and ask them not to use excess fertilizer or agricultural chemicals. That can help protect the water. Review the plan annually. Commercial industry coming to the area could be a source of contamination such as a gas station. It was also observed that many residents in the district have animals (i.e. horses, donkeys, cattle, etc.). Animal waste should be collected and removed daily so it is not further contaminate our water. Pet waste should be picked up daily as well. Since all residents within the district are on septic tanks, it is recommended to set a schedule to regularly inspect and properly pump septic tanks. Septic tanks are a big source of contamination. Automotive fluids should be put into containers and disposed of properly. It shouldn't be poured out onto the ground. This could also be a source of contamination.

The SWP should be updated every 3-5 years unless there is some heavy land use changes in the area.

Storage tanks were observed within the district. These tanks may not have been emptied and there is risk of rust and the contents of the tank contaminating the soil. Do store fertilizer or other chemicals.

It was also recommended to put up signs reminding people not to dump along Houser Road. In the event of heavy rain or flooding, it could be another source of contamination close to our wells. If you have a pool, don't use copper based algae control products. This is another contaminant. It is important for community involvement and education information. Also recommended to post SWP protection signs on the fence around the well site.

Nitrate and arsenic are big problems in the entire state of Arizona, especially in high agricultural areas. It was noted that we don't have an arsenic problem in our area.

The Technical Assistance Program paid for the SWP. The money is coming from the EPA and then redirected to assist in some of these programs to help small companies such as VGDWID.

David Burchard and Victor Scherer stated that all of our information has been forwarded to their upper management and everyone is trying to assist us. They want to help us have safe drinking water.

It was recommended that a FAQ sheet be prepared for our water customers. It needs to be brief and to the point so people will read it. David and Vic thought it was a great idea and said they would run it through their communications department. It could then be mailed to customers and posted on the website. David said he would have their information listed so customers can contact them directly if they have any questions and/or concerns.

Victor Scherer stated that the engineering firm chosen to install the nitrate treatment system would have to be approved by WIFA engineers to make sure it is suited for our site. When it is time to choose the system and the engineer, call David Burchard and they will sit down with the engineer and review the type of system prior to any work being done. They will review the system itself to ensure VGDWID is getting the treatment system we need. There are factors that will affect the treatment system and how it operates.

**Discussion/Action: Well #1.** Jack mentioned that he has not had any issues with well #1. Joni Roerdink made a comment that on the way to the post office this morning she noticed Chris

Cook at the well site and he told her Well #1 was not pumping. Jack came over and found it was tripped. He didn't know why but he did put it back online and would be watching it everyday. If it trips just once, it could be just a fluke. If it happens again there has to be an issue.

**Discussion/Action: Well #2.** Jack mentioned that he has not had any issues with well #2.

**Discussion/Action: Generator Maintenance Update.** Terry Eickstaedt checked on the generator on 5/1/19. It had 334.5 hours and all fluids looked good. The weeds need to be removed. Joni Roerdink commented Chris Cook has that scheduled for 5/2/19.

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

- Water bills will be sent out on 5/2/19 and Final Notices will also be sent out.
- Disconnects are scheduled for 5/13/19.
- The alarm notification system that was approved by the directors will be shipped on 5/2/19. Once the alarm system is set up, it will send an alarm once it hits the set point and notify us of a problem. We can go in online to see what the problem is. Pressures and drop in water level are some of the items that will trip the alarm. The contractor offered a 15% discount off the annual cost for a three year contract.
- The proposed budgets were provided to the directors for review for publication approval for our public rate and budget meeting. WIFA is concerned about our ability as a water company to be able to repay the loan. The rate increase would be shared not only with current water customers but also the property owners that currently don't have water service. The budgets must increase to cover not only the construction of the nitrate treatment system but also the annual maintenance for the system. Annual equipment repairs were reduced a small amount due to the equipment being new. It still needs to be maintained regularly to avoid costly repairs like we have had in the past year.
- USDA is now requiring balance sheets to be submitted annually with out Annual Review for Pinal County. The annual review is not detailed enough to be in compliance for USDA. These also were not completed and filed as they should have been. Joni Roerdink contacted Henry & Horne and asked about having them done for us. She was told they couldn't do them because it would result in a conflict of interest. They could not prepare the balance sheets and complete the annual report because they would be reviewing their own work. Joni is working with someone else to update the information as outlined by Henry and Horne to bring the information up to date. WIFA is also asking for the same information and it will probably be required as our due diligence if we are approved for the loan.
- The proposed rate increase is \$5.00 per month to the current base rate fee. It is also proposed that we raise the minimum usage to include the first 3,000 gallons.
- Joni Roerdink also provided copies of surrounding area water charges. This includes Eloy Water Rates and AZ Water Co. Rates, etc. The surrounding areas are not tiered like VGDWID. They charge for all water used. VGDWID charges for water exceeding 3,000 gallons. VGDWID water rates are comparable to the surrounding water companies based on the published rates she could download.
- Joni Roerdink received a call from an individual that is interested in purchasing 40 lots within the subdivision. He was calling regarding water information. He wanted to know if any of the vacant lots had water and other utilities. Joni told him there are water service lines but there are no meters to any of the vacant lots. She also told them APS provides the electricity and some of the streets have gas lines but not all of them. He was told to contact the other utility companies for information. He stated the reason he is interested is

due to the trucking company that is coming to the area.

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

- Nitrate sample taken on 4/12/19 was 17.1 ppm. Resample was taken on 4/24/19 and came back at 17.2 ppm. Allen Grant asked if it would be possible to get a listing of all the nitrate reports if it wasn't a lot of additional work. Joni Roerdink responded that she could get it because ADEQ keeps a database regardless of which lab we use. She will provide the information to the directors at the next board meeting.
- Coliform sample hasn't been taken for May at this time.

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

- Due to the high cost of repairs during the month of March, only the routine maintenance repairs were completed. There were no other bad meters or emergency calls.

**Discussion/Action: New Water Line Installation.** The water loss increased to 23380 gallons. Joni Roerdink spoke with Elijah Gray to find out if he had returned. He mentioned that due to the high winds and rain he hadn't been back because he wouldn't be able to do anything. Joni emailed him again and mentioned the water loss had gone back up again. She also reminded him the repair was made the day after he had found the leak. She asked when he would be able to return. Joni hadn't heard back from Elijah prior to the meeting. Allen Grant asked about how the repair was made. Joni wasn't sure how it was repaired. Cauly Washburn answered the question Allen raised regarding the second pipe. Cauly said he had gone over and looked at the repair. Cauly said he would stop and look at it again. Ask Chris how he repaired the line.

**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 April. Cauly Washburn seconded the motion. Vote unanimous 5-0. Motion carried.

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

Date \_\_\_\_\_

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Bernie Vargas

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Allen Grant

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Ray Roerdink

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Cauly Washburn

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Terry Eickstaedt



# VILLA GRANDE

## Domestic Water Improvement District

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### Minutes

May 29, 2019 • Emergency Meeting

**Call to Order:** Bernie Vargas called the meeting to order at 7:01pm

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

**Discussion/Action:** Review the proposed 2019-2020 budget changes. Joni Roerdink stated she had spent a considerable amount of time on the telephone with WIFA regarding the proposed loan for the nitrate treatment system. WIFA is concerned we will not have enough money to pay for the nitrate treatment system and the associated expenses based on the submitted proposed budget scheduled for the June 5, 2019 Public Budget Meeting. WIFA wanted VGDWID to make changes to the proposed budget for 2019-2020. Joni told them VGDWID would also have to have an emergency meeting for director approval of the additional proposed changes before any changes could be published under the legal notices. Joni told them we would also have to push the Public Rate and Budget Meeting back until after the legal notices were published. They asked her to try.

Joni had explained in detail why certain expenses were reduced on the budget. Many of the larger expenses were due to major repairs and all of that equipment was fairly new. It was replaced less than a year ago. WIFA went back and backed out the large expenses we incurred during the past five years and found that projected expenses should be less. We had also hauled water with a cost of over \$30,000.00. Many of these expenses we should not encounter if the equipment is maintained. Joni explained that we had just installed a new alarm system that should notify us sooner of any problems or drop in water levels in the tanks and avoid having the expense of hauling water.

Joni was told that part of the due diligence, if the loan were granted, would have to include different accounting practices. Because VGDWID has spent over \$100,000 of our money making repairs we should capitalize the expenses and take the depreciation rather than report them on a cash basis as has been done in the past. It was also mentioned that WIFA would not just accept the Annual Review that we submit to Pinal County. It is not detailed enough. This is the same issue we had with USDA. Joni submitted Profit and Loss statements and Balance Sheets along with the Annual Review. Joni was told that gave them a much better financial picture than what they had before. The accrual method of accounting will show our assets. That will then reflect that we are worth more than the Annual Review reflects. Joni discovered that none of the assets have been entered since the acquisition of the well in 1999. She is working on getting the information updated before the end of the fiscal year so they will be reflected on the 2018-2019 financial statements.

Henry and Horne sent Joni a list of things that needed to be done for the asset list. Again, they can't do it for us due to the conflict of interest. After Joni gets all the asset information updated, Henry and Horne will update the depreciation schedule they currently have.

WIFA backed out the large unusual expenses over the past five years and said the expenses averaged about \$20-22,000 per year. Joni stated that sounded better but WIFA said we didn't account for the nitrate treatment expenses. Joni told them that we did account for some of the expense but the system wouldn't be completed for probably a year. The design alone could take two months or more. WIFA factored that in and agreed VGDWID wouldn't be using the nitrate treatment media for maybe six months or longer after startup. They also checked the statute regarding the tax levy assessment and found that we didn't have a cap on the assessment. Joni told him she was aware of that. WIFA will look at the tax levy amount. They can't take that as a pledge but they will look at it.

The assessment would need to be increased \$3.4703 per \$100 valuation. Per WIFA, if we budget well and maintain the items regularly we may not spend as much as projected.

Joni reminded them again that she couldn't make the decision, the board would have to meet and make that decision before she could even publish it under the legal notices and have the Public Rate and Budget Meeting. She also reminded them that she was told the Rates and Budget had to be approved before WIFA's board meeting. The earliest she could have the Public Meetings would be June 12, 2019, which was only one week prior to the WIFA board meeting.

The only purpose of this Emergency Meeting is to approve the changes for Joni to place the legal notice in the newspaper.

Based on the information Joni Roerdink provided regarding the proposed change, a motion was made by Ray Roerdink to approve the increase of \$ 3.4703 Tax Rate increase to be published and Terry Eickstaedt seconded the motion. Vote unanimous 5-0. Motion carried.

Joni Roerdink told the board she had to submit it to the newspaper immediately after the meeting.

Joni Roerdink asked about combining the regular meeting and the Rate and Budget Meeting for June 12, 2019.

Ray Roerdink asked about why there were two separate actions: Budget Changes and Rate Changes. Joni Roerdink stated there were two separate publications. The proposed Rate Schedule reflects the actual \$ 3.4703 per \$100.00 valuation whereas the Budget reflects the total dollar amount of the tax levy based on the net assessed value provided by the County.

The Board of Directors agreed to have a combined meeting on June 12, 2019. The Regular Meeting will immediately follow the Rate and Budget Meeting.

**Adjournment:** The Agenda being completed, Bernie Vargas adjourned the meeting at 7:13 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