



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 30, 2024 • Regular Meeting

Call to Order: Bernie Vargas called the meeting to order at 7:02 pm.

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

Discussion/Action Minutes: Regular Meeting Minutes of 4/18/24. A motion was made by Ray Roerdink to approve and ratify the minutes for the Regular Meeting Minutes held on 4/18/24 as written and seconded by Terry Eickstaedt. Vote unanimous 4-0. Motion carried.

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

Discussion/Action: ADEQ/Nitrate Treatment System: Joni Roerdink has had a couple of meetings with Dina and a conference call on 5/29/24 with Dina and Craig from WestLand Resources, Ellison Mills, AdEdge, etc. regarding additional changes and increased costs.

AdEdge wants us to take a photo of every barrel of media that is onsite. They are looking for batch numbers of when the media was manufactured. They stated if all the labels were the same, they asked that we send about an 8 oz sample to the manufacturer. They need to make sure the media is still usable, not dehydrated, or expired for drinking water purposes. Once they determine if they are all the same, AdEdge would send us the form to attach with the sample and where to send. Craig mentioned that we had no problem with that as long as AdEdge should be replacing the media at their cost as they knew the timeline for the job and especially because they had delays in the electrical equipment and Villa Grande took the equipment as a courtesy originally as they were still waiting on the additional funding. Dina also responded they should know the batch numbers as they had shipped it to VGDWID. Hercel from Ellison Mills and Rigo, from WestLand Resources were also on the conference call. They were calling in from the wellsite. Hercel and Rigo opened a container and took the sample. Mike, from AdEdge, sent the instructions by email and the address to ship the sample to while we were all on the conference call. They sent it out on 5/29/24 per the instructions they received via email. Hercel and Rigo, thought it looked good, not dehydrated. It was supposed to be delivered on 6/3/24. AdEdge stated it was only good for two years after the manufactured date. According to that information, it was set to expire in three months. When Dina received information back, it expired six months ago. We are currently waiting to hear back. Craig said, "you knew the timeline for the job,

especially since there were delays in the electrical and we waited on them.” Mike Hubler had to do some additional research. The sample was sent to the manufacturer, and they will have to re-certify the media. We don’t know the time frame for the re-certification.

As far as startup, the program that is currently installed in the machine needs to be updated. This needs to be worked on by our electrical team. Based on their resources, this will push startup out to at least to the week of July 15th. The benefit of this, is a more reliable and up to date user experience. The program that is currently installed has some known bugs that AdEdge identified since the system was shipped. This rework will ultimately give a more reliable machine in the end. Craig responded what is their proposed schedule for that and is it something that AdEdge would pay for. AdEdge stated they would pay for that. Bernie asked how often there were updates. Joni stated she didn’t know.

AdEdge stated that their Engineering team would like to revisit the site to do a mechanical field acceptance test, as well as much electrical field testing, they can do. This will require a pressure test in the field, AdEdge will quote you time and materials for this. Joni was asked on the call yesterday if she was at any time asked about the pressure test in the field. Joni stated absolutely not, it was not mentioned at any time. Dina asked specifically “how much are you looking at?” Dina, Craig and Joni all stated on the call that this is a federally funded project and VGDWID has no more money and no additional resources to get more money. Craig had stated that if this was not in the original quote due to it being omitted or not originally thought needed there should not be a charge for this work.

It is recommended that the two conductivity probes and the nitrate probe be updated. Mike Hubler said he would quote those as well. Again, Craig asked if they feel they need to replace some probes within their system, there should not be any additional charges for this. Also, did they supply probes that were not acceptable for this system? Cauby responded that he didn’t quite understand the need for new probes. AdEdge stated the new probes give better control and results with the updated programming. Dina asked for a pricing list, and we would have further discussions. AdEdge wanted Ellison-Mills to absorb the costs and Dina state that Ellison-Mills is not the customer, VGDWID is the customer. AdEdge had asked Ellison-Mills if they would do the pressure test. Ellison-Mills declined to do the pressure test because they were not the customer. We are waiting on AdEdge.

We also need a rep for the generator here (our expense) for the initial startup for the tie-ins to the generator to trigger it to come on properly. Jack has one on call right now. The electricians can’t figure out the schematics the original electricians used to tie our system to the generator. We have no schematics or drawings to support it. The need a rep for the generator to help with that. VGDWID has not been able to provide any information they’ve requested.

AdEdge is currently getting the cost list to us. Craig, Dina and I all mentioned again, this is a federally funded project, and we have no addition money, and we can’t borrow any more.

Discussion/Action: Well #1. No issues with Well #1.

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

Discussion/Action: Generator Maintenance Update. Terry Eickstaedt stated the generator has 557.2 hours on it. The fuel tank was just below 3/4 full. All other levels look

good. There were no bees at the site.

Discussion/Action: Budget and Rate Review for FY 2024-2025. The proposed Budget and Rate Review was presented to the Board of Directors for review. A conference call was scheduled between our CPA, WIFA Executive Director, the loan officer and Joni Roerdink. The call was requested by our CPA because we failed to meet the 1.2x debt service coverage as outlined in our loan agreement. The CPA had requested that we try and get a waiver from WIFA. The CPA firm wouldn't release the financials to us until we spoke to WIFA and had them approve a waiver. The Executive Director stated that their intent is not to take over water companies. He asked why we didn't meet the debt service coverage. Joni stated nearly all of the costs were related to the excessive service lines we had to repair last fiscal year. Those repairs put us over \$20,000 over budget. He stated that he completely understood that because more and more small water companies were having the same issues. What he would like us to do is prepare a plan on how we will work to fix it so that we can. The CPA asked if we could get a waiver from WIFA regarding our failure to meet the debt service because legally, they can call the full note due for failure to meet the obligation. The Executive Director had reviewed our payment history and we've never been late or missed a payment on either loan. They are willing to work with us, but he stated that it appears we will have to have a rate increase. Joni stated that we would be having a board meeting in May to work on the budgets. Joni had the CPA calculate the debt service amount so we can include the amount in the budget. The Executive Director said he understood that we were working on the budgets and to get the plan to him after we got it approved by the board. The Executive Director also asked our CPA if he had a sample waiver form because they didn't have one. The CPA had sent one to him and it was reviewed by their legal department and was acceptable. Once the CPA received that waiver, they would release the financials which is what Joni needed to prepare the budget for FY 2024-2025.

Budget:

- Advertising went down a little bit from the previous year.
- Audit expense increased but Joni doesn't know how much it may go up. It may increase due to the amount drawn from our federal loan. It may increase our cost due to a more complex and detailed audit. The CPA was going to check with the specialist in their office and see if it will apply to us. They did speak with WIFA and instead of using Federal money, they may be pulling it from State funding, but we won't know until fiscal year end.
- Business Expenses and Legal Fees went down based on last year's actual amounts and separate line items for Legal and Professional fees.
- Misc. operating expenses increased due to recategorizing income from business expenses.
- Utilities increased due to the nitrate treatment system will be online in FY 2024-2025.
- Lab tests increased based on a couple of additional tests required for startup.
- Repairs and maintenance went up substantially due to recategorizing income from operator to the actual repair costs. Joni Roerdink spoke with the CPA, and he said it would give us a more accurate picture of the actual costs.
- Remaining expenses averaged an 8% increase.
- Debt Service increased about 24%. The third loan for the nitrate treatment system

contributed to the increase.

- Capital Contingency remained the same.
- Revenue for water sales, fees, and new meter installations increase of about a 20% increase due to cost increases for supplies and parts. This was recommended by WIFA, and it is across the board for nearly all small water companies. We did have a decrease in water sales last year due to the amount of rain we received for part of the year. Joni stated the cost increases have been about 15% for most vendors. The Executive Director agreed that is what he has been seeing. That 20% increase on water rates will generate about \$15,870 additional water revenue.
- Cash on hand is estimated to be about \$44,372.
- Investment Interest increased due to moving funds from FIB to the treasurer's account.
- The Tax Levy increase is due to Net Assessed Value increase by Pinal County.

Rates:

- The rate increase per meter will be a flat \$11.50 per month. The smaller meter will be \$64 per month and the next size will be \$69 per month.
- New service line fees are going up per our vendor and therefore, we will need to pass those costs on to our customers. We haven't had an increase for services lines for a couple of years. The costs of the new meters alone are over \$650 per service. This doesn't include going under the roadway or the actual service line installation. The base fee will start at \$4,980 and up.
- The only other changes are the Establishing Service fees will increase an additional \$5.00 per account.

Ellison-Mills called VGDWID today and would like to sign up for temporary water service for a project they are doing nearby. This project will take about three weeks and use about 50,000 gallons per day. Joni Roerdink checked with Jack to ensure it would not stress our system and he said it would not.

Joni Roerdink needed the approval of directors to proceed with publishing the proposed FY 2024-2025 Rates and Budget. She was told to publish under legal notices for the next board meeting in June 2024.

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

- Water bills were sent out on 5/4/24. Final notices were sent on 5/4/24.
- Disconnects were scheduled for 5/14/24. Past Due Amount: \$1,300.81 with 17 past due customers.
- Joni is currently still working on drafting the letter for autopay. She will send it out as soon as it is available and translated.
- Joni has also been working on the final draft of the Budget and Rates for FY 2024-2025.
- We did finally get the Approved Annual Report for 2023 done and submitted to the County. We had to prepare a waiver for WIFA before the CPA would release it for

submission it to WIFA and to Pinal County. WIFA was aware of this and were fine with it.

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

- Coliform sample came back absent.

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

- Ellison Mills repaired the leak on Appaloosa. This was a service line leak.
- Joni also had inquiry for a new service line on Stallion Dr.

Discussion/Action: Approve and Ratify Expenditures & Purchases. The Board reviewed the Expenditures and Purchases as submitted for April 2024. 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; Bernie Vargas adjourned the meeting at 7:44 pm.

Date: _____

Bernie Vargas

Allen Grant

Ray Roerdink

Cauly Washburn

Terry Eickstaedt