



# 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 27, 2020 • Regular Meeting

**Call to Order:** Allen Grant called the meeting to order at 7:01 pm.

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

**Discussion/Action Minutes: Minutes from March 4, 2020 Regular Meeting.** A motion was made by Ray Roerdink to approve and ratify the minutes for the 3/4/20 Regular Meeting as written and seconded by Cauy Washburn. Vote unanimous 4-0. Motion carried.

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

**Discussion/Action: Elections.** Joni Roerdink stated VGDWID has three seats coming up for re-election this November 3, 2020. In preparation for the upcoming election, the IGA (Intergovernmental Agreement) had to be reviewed by counsel and signed by the chairman or vice-chairman, the clerk of VGDWID and legal counsel. The form authorizes specific services to be handled by the Election Department. By having our election during the General Election, our costs are greatly reduced. This is the procedure we have done during the past two elections. The County handles the expenses except for the ballots which the cost is minimal to VGDWID. As soon as Joni received the letter from the elections department, she forwarded it to Stephen Cooper for review and his signature. He then mailed it to Joni to collect the remaining signatures. Due to Covid-19, Stephen didn't want Joni coming into the office. Joni received the signature page from Stephen Cooper on 5/26/20. As soon as the vice-chairman and the clerk sign the form, Joni will overnight it to the Elections Department in order to have it filed timely. The due date is 6/6/20. Again, it couldn't be dropped off due to Covid-19. After the Election Department receives the IGA, the candidates can then file the necessary candidate paperwork between 6/6/20 – 7/8/20.

**Discussion/Action: Renewal of Operator Service Agreement.** Joni Roerdink stated when Jack Cook, Jr. came onboard as the certified operator of VGDWID, the board agreed to a two-year contract with him. Jack had sent Joni a new service agreement. He proposed the same base fee of \$1,000 for the routine scope of services but listed TBD for the hourly rate which will be the rate for anything outside of the routine scope of services listed in the contract. Ray

Roerdink did some research in comparable rates for certified technicians and found the rates to be between \$35-\$45 per hour and we are currently paying \$20 per hour to our operator. Ray recommended we increase the hourly rate to \$30/hr. Leave the base fee the same. Other companies are also paying \$1500 and up for the base fee. Ray recommended it as a good faith measure. He stated he felt Jack was doing a great job. Allen Grant stated he didn't feel we could afford it. Allen stated he also felt that Jack was doing a very good job. Terry Eickstaedt suggested that we possibly offer \$5/hr. Terry stated he felt that Jack was doing a very good job. Cauly Washburn stated that when the nitrate system comes in, we will be in need of Jack's services and experience because of the additional services and readings that will be involved. It will be much more work to maintain the new system properly. The system will need to be checked on a daily basis, salt added regularly, the media changed when needed, etc. The system will be built according to the ppm and will have readings that will be required to be taken on a daily basis. Cauly asked if we'd had any extra expenditures that has been dragging us down or is it Jack's salary that is the issue. It was not the wages of the operator. Joni Roerdink commented that the additional expenses that we had incurred during the past year were due to the fact the books were so poorly kept in the past that WIFA would not even consider giving us a loan until they were cleaned up and could present an accurate picture of what our financial position was. Classifications of expenses were incorrect from back before the current board or the current manager. Assets weren't reported, reports and financials weren't provided to USDA as required by the loan made in 2007. VGDWID was required to file annual financials and they hadn't been done since 2009. We had a choice of having an annual audit performed at a cost of \$10,000 annually or providing the financials that Joni could run after the corrections were made and assets cleaned up and entered into the current software. Joni is hoping to have those all cleaned up in about 6 weeks. Most assets have been updated. She is currently cleaning up the chart of accounts and eliminating account that were created incorrectly or have never been used. After some of the errors were corrected last summer, the loan was approved. Part of the loan agreement for both the USDA and the WIFA loan include providing annual financials. If Joni runs them the cost savings is \$10,000/yr. Both USDA and WIFA will accept the same reports. The financials are a requirement of each of the loans. Ray Roerdink asked if Joni knew the amount above the base fee paid to the operator. She thought it was about \$9,500-10,000. Those charges were for replacing nearly all the meters in the district and locating and marking and/or repairing isolation valves. Cauly had asked if Joni had noticed any additional income due to changing out the meters due to possible bad meters. She said she hadn't noticed that but there has been additional water usage with so many people at home due to Covid-19. Joni stated that she had also received a lot of interest in installing new service lines in the district which would bring in additional revenue. One installation is to take place on 5/29/20. Ray asked if our current operator service contract was a two-year contract. Joni stated it was, but it had expired six months ago. Ray Roerdink stated the hourly rate would be a good faith gesture on the part of VGDWID. Ray commented on Terry's recommendation of \$5/hr. increase. This is a business transaction. Jack is aware of what other operators are charging for both base fees and hourly rates and as a businessman he would have to consider those. Terry Eickstaedt asked what the annual increase would be if we were to increase it to \$5/hr. It was estimated that if he did the same work, it may increase \$2,500/yr. Cauly stated that at the end of the contract and VGDWID hasn't offered any incentive or increase, he may just leave. Cauly felt we should recognize the value of his services up front. Terry Eickstaedt asked if Jack was aware of our financial situation and Joni stated yes. Joni has also asked Jack to hold off on some of the routine maintenance and repairs for a month or two until we received an increase in revenue and Jack had no issue with it. Jack's main priority is to repair what hasn't been repaired or maintained in 10-15 years. That is also a requirement for the two loans we have. We have to draft a maintenance/service log and submit it. Cauly had mentioned it three years ago when he started as a board member. When Joni Roerdink filed reports for

USDA and WIFA, that was a question on the report. Joni stated VGDWID was in the process of being written and that sufficed for last year. Jack has been in the process of showing the regular maintenance/repairs were being done as required so it can be uploaded in a few months. USDA and WIFA want to see we are regularly maintaining the system. We previously had no records to support that. Terry commented it may be difficult to replace Jack Cook. Joni Roerdink commented that prior to hiring Jack, we had a difficult time finding someone to take on the scope of work we needed completed on a monthly basis. Prior applicants were only interested in taking the required samples but not take on the monthly readings and any repairs. They were asking the same base fee for just collecting monthly samples. Allen Grant agreed that we need to show a measure of good faith and are glad to have him and that he is doing a good job and worth more but he is concerned about what we can afford. Ray Roerdink made a comment that one of the reasons people leave is due to wages. He also stated he understood his concerns. Ray is concerned if we have to go through finding someone else as we did before, we will be in a bind. The additional services that will be required of Jack will put additional stress on him because he does also have another job. Ray is hesitant of just offering \$2-2.50 dollars/hr. and keeping the base the same as before. Ray felt we should offer at least \$5/hr. Because of the reduction in the number of meters/boxes replaced and isolation valves being nearly complete during the past 2 years, Jack's additional hours of service have declined during the past two months. Ray mentioned possibly doing a partial increase for the first year and another increase the second year. Terry suggested we offer a \$2.50 increase the first year and another \$2.50 increase for the second year. The contract that was submitted for the board to review is the same contract as previously signed. The base fee has remained the same. The hourly rate is TBD. Allen agreed that the hourly rate should be considered and that the \$5/hr. was not out of line. His concern is from the financial prospective. Ray recommended \$3/hr. for the first year and \$2/hr. for the second year. Ray Roerdink made a motion to enter into a two year contract with Jack Cook keeping the base rate at \$1,000/month for the first five items included in the scope of services for the monthly base pay rate and increase the hourly rate to \$23/hr. for the first year and an additional \$2/hr. (\$25/hr. total) for the second year. Terry Eickstaedt seconded the motion. Vote: 3-1, 1 Nay vote by Allen Grant. Motion carried.

**Discussion/Action: ADEQ.** Joni Roerdink heard from Stephanie Diaz with ADEQ. Due to Covid-19 everything has been delayed. Stephanie also figured it would be delayed due to the Pandemic. ADEQ and WIFA employees are working remotely due to the Pandemic. Joni was told WIFA was only going in once a week to collect the mail but wanted borrowers to both email the requisition reimbursement requests and mail the originals. They are processing them this way so payments will not be delayed. Stephanie asked how we were doing on the project. Joni had asked her to go back to the engineering desk and find out the cost of the extension for the conditional ATC because there is no possible way, we will have the nitrate treatment system complete by August 15, 2020. The vendors are not working at full capacity due to reduced staffing. Getting quotes has become very difficult due to the reduced staffing. Stephanie said the Consent Order Amendment is drafted buy she was waiting for an anticipated timeline update. Joni told her we couldn't give her an updated timeline until we could get updated pricing. Stephanie is fully aware. Joni has had several video conference calls showing what processes they were working on. Joni expressed the board's concerns that were discussed at the March 4, 2020 meeting such as building the system to fit within our current budget, do we need the extra tank, do we need the pumps, the size of the pond, the thickness of the liner for the pond, etc. The engineers addressed all the questions to the best of their ability based on the information they have been able to get. Joni mentioned the proposal by AdEdge listing the 229 connections. WestLand responded the connections are listed at 229 but the system is based on the maximum flow rate of 70,000 gallons per day, not the number of connections. That is part of the design criteria for this project. Joni also asked

about Dytec. As of March 2020, Dytec had not responded with an updated proposal. WestLand continued to try and contact them. The fact the nitrates have risen to 18 or 19 has also contributed to the problem. When Dytec originally gave us the first proposal the nitrates were at 13 mg/L and we had the ability to blend. We don't have that option anymore. All water will need to be treated. They continued to reach out to Dytec and finally received a response. After reviewing the updated proposal from Dytec, WestLand is not recommending Dytec. The system is a little lower in cost but the annual O&M will be much higher and the pond will need to be larger. The pumping of the pond will be more frequently due to the fact it is not low waste. WestLand also reached out to Hennesy at the request of VGDWID and was having a difficult time getting a response. Even Cauy Washburn reached out to Hennesy several times and after about 6 weeks they submitted a quote. The quote was a very barebones quote which was submitted to Scott at WestLand. Scott had to go back to Hennesy and ask for more details to see what was actually covered. The cost was substantially lower but he wasn't sure what it included. The Dytec system was a little lower in cost but would require a building which had to be air conditioned. AdEdge requires a concrete pad and shade cover but doesn't have to be air conditioned. Hennesy came back again and said the delay in providing quotes is due to vendors having reduced staffing and problems getting timely quotes due to Covid-19. With AdEdge the operating cost will be a little over \$14,000 annually. If the operator maintains the system as it should be, the media should last 5-6 years. The media replacement cost is about \$4,000 on an annual basis. The \$4,000 replacement cost is being collected annually and set aside in the GWB account so we will have the funds set aside when it is time to replace the media. Currently we have already collected one year's worth of revenue for Nitrate Treatment O&M and the system hasn't been installed yet. Joni also asked Scott about the labor, freight, taxes, etc. and was told all of that would be dependent upon the contractor when they have all the other information and a decision has been made as to which system we are going with. Right now, the best guess looks like AdEdge. Scott said the Hennesy system was considerably lower but he is concerned about what it doesn't cover. AdEdge and Dytec were fairly close in cost but when another vendor comes in \$100,000 less there is a reason why and Scott needs to find out what the reason is. Joni also asked about the tank and the pumps and mentioned that some of Cauy's systems pump directly from the well to the nitrate treatment system. Scott said in some cases that will work if the well pumps were designed with that in mind. Neither of our wells are sized for a flow that matches the IX system flow rate. The reservoir acts to smooth out the flows of the wells because there is such a large difference in the flow rates between the two wells. We can't even get a timeline update until we have information from Hennesy.

Scott also provided the size of the pond: The low waste pond is 108' x 163' on the top and will be 5' deep. The regular discharge pond would require a size of 157' x 244' on the top. Joni asked how often the pond would be required to be pumped. Scott went back to Robert's calculations on how quickly the salt and solid would build in the pond. The estimate is approximately 11-20 years on the low waste pond. At that time, it would have to be pumped. The pond would be just north of well #1. Scott also said the distribution lines would be re-routed and would merge close to well #1. We would eliminate the second chlorinator since the chlorinator would be placed after the two wells merged into one line. Scott is currently working on the cost of the tank, pumps and 20-mil liner. At this time, we are waiting on vendors so we can get back to ADEQ and to the engineering desk at ADEQ for the conditional ATC to provide an updated timeline. Stephanie is aware and is trying to help us so we don't end up starting all over again with the conditional ATC which we would end up starting all over again and paying all the costs again (lab tests, filing fee, etc.) if we fail to meet the August 15, 2020 deadline. Joni emailed Stephanie and hasn't heard back yet as to ADEQ engineering for their response.

**Discussion/Action: Well #1.** Jack mentioned he had not had any issues with well #1 except the starter tripped on well #1 and was offline. He did catch it and got it back online immediately.

**Discussion/Action: Well #2.** Jack hasn't had any issues with well #2.

Jack hasn't had any issues with the booster station this month.

**Discussion/Action: Generator Maintenance Update.** Terry Eickstaedt had checked the generator several times over the past few weeks. There were 367.1 hours on it. The fuel is down to 1/2 of a tank. There were no bees at the site and no other issues. Joni was asked to get diesel ordered and fill the tank. Joni had called the exterminator and she came out to take care of the bees.

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

- Water bills were sent out on 5/2/20.
- Final notices were sent out on 5/2/20. There were 20 delinquent customers.
- All delinquent accounts were paid prior to the disconnect date. There were no disconnects in March, April or May.
- Resolutions – The Annual Resolutions are required to be completed and updated for the Treasurers office. Ray Roerdink made a motion to approve and ratify the “Combined Resolutions affecting County Treasurer Transactions for Fiscal Year 2020-2021”. Terry Eickstaedt seconded the motion. Vote: 4-0. Motion carried.
- The proposed Budget for 2020-2021 and the proposed Rates for 2020-2021 were provided to the directors to review. The only change on the Budget from last year is an increase in the debt service amount. Also added was a new Budget line item for GWB-Nitrate Treatment O&M Revenue.
- The proposed Rate 2020-2021 Rates were changed to reflect an increase in the new service line rates. The previous rates were extremely low and hadn't been increased in several years. Joni checked into the costs and found the current and previous operators were not capable of installing these lines themselves. The new service line would require outside contractors. Rates varied between \$2,250 and \$6,000 depending upon various situations including whether the line would be required to go under the road. That requires more equipment and permitting fees. The fees are set to begin at \$2,250 and up depending upon various circumstances. The board of directors also agreed that due to the increased costs, the cost of a new service line will need to be prepaid. Payment to the vendor will be required by VGDWID upon completion.
- The Backflow valve installation has been removed from the rate schedule. A Backflow valve will be required to be installed on a new home by the county. The board of directors do not want to take on the responsibility of the backflow because the service that VGDWID provides ends at the meter. This will be a service the property owner will incur and have to find their own contractor since it extends beyond the water meter onto the property owner's side. The water company has always held that anything beyond the meter is the responsibility of the homeowner. A motion was made by Ray Roerdink to accept the rate schedule as written with the exception of removing the charge for installing the backflow valve from the Rate Schedule for 2020-2021. Motion seconded by Caury Washburn. Vote 4-0. Motion carried. Joni will email the Proposed Budget and the Proposed Rate schedule to the Casa Grande Valley Newspaper on 5/27/20 for publication under Legal Notices for our Public Rate and Budget Meeting. The board agreed to hold the meeting on 6/17/20 with the regular board meeting to immediately

follow.

- Henry & Horne Engagement Letter has been received and reviewed by Ray Roerdink. It was signed and submitted to Henry & Horne. This is for our required Annual Review. The pricing has remained the same \$3,900. This is just an information item.
- Joni Roerdink received a Summons for property tax foreclosure action. VGDWID was served since we impose a tax on real property located within the District. Joni called Steve for counsel and he reviewed it to see if we had to do anything. Steve said we didn't have to do anything. The real property will still be in the District regardless of the judgement. There was no record of the owner having a balance due with VGDWID.
- We will be installing a new service line on Colt Dr. on 5/30/20 and will cost the district about \$800 out of pocket due to the increased cost. The customer has already prepaid the cost for the new line and account deposit.
- Joni has been working on getting all the financial data updated and new accounts set up for the loan to be able to file our financial statements with WIFA and USDA. These are required by both as part of the loan agreement. It hadn't been done in the past 10 years. That will not be acceptable going forward.

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

- Nitrate sample taken on 4/23/20 was 18 mg/L. The ADEQ Compliance officer notified Joni and said we weren't in compliance. Joni told her she wasn't notified a sample was taken. This was a sample taken by the MAP (Monitoring Assistance Program). They take this samples annually. The Certificate of Public Notice was provided, posted on the website and copies sent to the water customers at that time.
- Coliform sample came back absent.

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

- During the months of March and April, Jack installed a total of 6 meters and boxes. Jack was also called out on an emergency for a leak on VGDWID's side of the meter.
- Housekeeping – Jack also did some weed control around the well sites. Allen asked about the leak at the corner of Stallion. It is still leaking. Allen recommended that we set aside funds over the next two months to make the repair. Joni will get another updated quote. It has been a year since the last quote.

**Discussion/Action: Approve and Ratify Expenditures & Purchases.** The Board reviewed the Expenditures and Purchases for the past two months. Terry Eickstaedt made a motion to approve and ratify the expenditures and purchases as written for March and April. Ray Roerdink seconded the motion. Vote unanimous 4-0. Motion carried.

**Adjournment:** The Agenda being completed; Allen Grant adjourned the meeting at 8:44 pm.

Date \_\_\_\_\_

---

Bernie Vargas

---

Allen Grant

---

Ray Roerdink

---

Cauy Washburn

---

Terry Eickstaedt