

**WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT**

**BOARD OF DIRECTORS MEETING**

**JULY 10, 2018 - 1:30 PM**

**FINAL AGENDA**

1. Minutes of June 5, 2018 and June 29, 2018 – Action
2. Claims – Action
3. Colorado River Flow Conditions – Information
4. Progressive Water Report for June 2018 – Information
5. Intergovernmental Agreement – Avenue 46E
6. Imperial Dam – Trunnion Repair
7. Drought Contingency Plan/Basin States
8. Yuma Mesa Fallowing Program – Information
9. Parker-Davis Funding Board 7/19/2018
10. Legislative Outlook – Jeffrey Sandquist and Jeremy Gerlach
11. Call to the Public
12. Next Board Meeting, September 11, 2018

Pursuant to A.R.S. 38-431.03(A)(3) and (7) the Board will convene in **Executive Session** for the purpose of:

(A)(3) Consultation for legal advice with the District's legal counsel

(A)(7) Discussions with designated representatives of the District in order to instruct those representatives regarding negotiations for the purchase, sale or lease of real property.

**IN THE OFFICE OF THE BOARD OF DIRECTORS  
WELLTON-MOHAWK IRRIGATION AND DRAINAGE DISTRICT  
WELLTON, ARIZONA  
JUNE 5, 2018**

Minutes of a regular meeting of the Board of Directors held in the office of the Wellton-Mohawk Irrigation and Drainage District, Wellton, Arizona, June 5, 2018.

Directors Present: Gary Wiechens  
Kent Murdock  
Patricia Ware  
Marvin Marlatt  
Jon Nickerson  
David Sharp  
Robert Woodhouse  
Bruce Williams

Absent Mike Blohm

Also Present: Elston K. Grubaugh, Manager/Secretary  
Megan Scott, Legal Counsel  
Kenneth Baughman, WMIDD  
Fermin Ruiz, WMIDD  
Larry Killman, Town of Wellton  
Tristan Wright, Landowner  
Amanda Brooks, Food Safety Specialist, Harrison Farms  
Deborah Vaughan, WMIDD

President Murdock opened the meeting at 1:30 pm.

**MINUTES OF MAY 1, 2018:**

It was moved by Director Nickerson, seconded by Director Woodhouse and unanimously carried to approve the minutes of May 1, 2018, as presented.

**CLAIMS:**

Claims were presented for payment. It was moved by Director Marlatt, seconded by Director Ware and unanimously approved that demands No. 50467 through No. 50623 as shown on Exhibit "A" which is attached hereto, and which is by this reference made a part hereof, be allowed, and that warrants be drawn for their payment.

**COLORADO RIVER FLOW CONDITIONS - INFORMATION:**

As of May 29, 2018, Lake Powell was at 53% of capacity at Elevation 3611.13 with 12.84 MAF in storage. The estimated unregulated inflow into Lake Powell for May was 1,350,000 AF or 58 percent of average.

The total volume of water scheduled to be released from Lake Powell in June is 760,000 acre-feet, with a forecast unregulated inflow of 900,000 AF (34%). The end of month elevation for Lake Powell is forecast at 3612.21 with 12.95 MAF in storage.

As of May 29, 2018, Lake Mead was at 38% of capacity at Elevation 1080.75 with 10.07 MAF in storage. An average of 16,150 CFS was released from Lake Mead last week. Releases from Lake Mead are expected to average 15,700 CFS for the month of June for a total volume of 934,000 AF. With 760,000 AF scheduled to be released from Lake Powell, storage and elevation in Lake Mead are expected to decrease in June. The forecast end-of-month elevation for Lake Mead is 1078.56 with 9.868 MAF in storage.

As of May 29, 2018, the Colorado River System (including Upper and Lower Colorado River reservoirs) was at 50% with 30.58 MAF in storage, down from 52% and 31.71 MAF a year prior.

As of May 29, 2018, the Salt River System was at 56% of capacity with 1,282,723 (1,354,916 last month) AF in storage compared to 74% and 1,695,026 AF a year prior.

**PROGRESSIVE WATER REPORT – MAY 2018:**

The Progressive Water Report for May 2018 shows District diversions at 42,503 af, compared to 36,889 af for May 2017. The cumulative diversions-less-returns amount for May 2018 was 119,882 af, representing 43% of the District’s 278,000 af allocation. The cumulative diversions-less-returns amount for May 2017 was 101,730 af. Cumulative return flow credit for May 2018 was 50,042 af, compared to 55,468 af for May 2017.

**EQUIPMENT COMMITTEE REPORT – ACTION:**

The Equipment Committee (President Murdock, Directors Nickerson & Wiechens) met Tuesday, May 29, 2018, at 9:00 a.m. as scheduled.

The Committee members were given the opportunity to review the District’s equipment records. A brief summary follows:

**Vehicle & Equipment Usage - 2017**

Expensed Total	\$1,239,835.56
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**Purchased Fuel – 2017**

	<u>2016</u>	<u>2017</u>
Gas	92,992 gal.	92,011 gal.
Diesel	46,864 gal.	51,307 gal.
Red Diesel	64,164 gal.	66,102 gal.

Equipment mileage and repair costs for 2017:

Outside Services & Transp.	\$ 28,086.62
Parts	426,869.03
Labor	<u>317,218.03</u>
Yearly Total	\$772,173.68

<u>Vehicles to be sold in 2019</u>	6 Units 190,000 avg. miles
<u>Vehicles to be purchased in 2019</u>	2 Units at est. cost of \$70,000
Total Leased Vehicles in 2019	15 Units at est. cost of \$99,000

Proposed Capital Expenditures (Budget 2019)

	Actual <u>2017</u>	Budget <u>2018</u>	Budget <u>2019</u>
General Plant	\$214,151	\$787,500	\$627,000
Power & % G.P.	\$586,636	\$977,500	\$948,800
Irrigation & % G.P.	\$411,449	\$607,450	\$609,200

It was moved by Director Wiechens, seconded by Director Nickerson and unanimously carried to approve the proposed capital expenditures for the 2019 Budget Year as presented.

**WAGE AND SALARY COMMITTEE REPORT – ACTION:**

The Wage and Salary Committee, (Directors Ware, Sharp & Williams) met on Tuesday, May 29, 2018, at 2:00 p.m. as scheduled.

The number of full time employees for 2018 is 106. The projected number of employees for 2019 is 106.

The Manager proposes a 2.5% wage/salary increase plus 0.5% for possible merit increases for a total increase of 3.0%. The adjustment will provide an estimated \$53,001 average annual base pay.

The estimated cost for the basic payroll for 2019 is \$5.618 million. The combined payroll, which adds part-time, overtime costs, and benefits is estimated to be \$8.712 million. This represents an increase of \$212,131 over the 2018 revised budget. Medical insurance premiums will increase 8.8% for 2019.

The Committee recommends that the Board conduct a formal review of the Manager's performance. The suggested time for the formal review is the month of November.

It was moved by Director Williams, seconded by Director Sharp and unanimously carried to approve the proposed wage/salary adjustment for the 2019 Budget as presented.

**FINANCE COMMITTEE REPORT – ACTION:**

The Finance Committee, represented by Directors Woodhouse and Blohm met on Wednesday, May 30, 2018 at 9:00 am, as scheduled.

The Committee members were given opportunity to review the District’s financial records as of December 31, 2017 and to evaluate the proposed Revenue and Expense accounts for budget year 2019.

A brief summary of Committee discussion follows:

- 1) A Profit and Loss Statement for 2013-2017 was submitted for review.

Profit/(Loss) for 2017	
Power Dept.	\$792,345.35
Irrigation Dept.	63,094.24
Aggregate Power	<u>727,341.27</u>
Combined	\$1,582,780.86
Change in Net Plant	(\$ 237,590.75)
Change in Net Position	\$1,345,190.11

- 2) Investment Funds and Cash

The balance as of December 31, 2017 is:

\$18,976,693.91	Total Cash/Savings
<u>\$15,978,842.47</u>	Total Investments
\$34,955,536.38	Total Fund as of December 31, 2017

- 3) Total Fund to Expenses

2013	1.87
2014	1.86
2015	1.99
2016	2.06
2017	2.08

- 4) Water User Statistics – 2010-2017

A tabulation of Water Use Statistics for 2010-2017 for Valley, Mesa and Combined water figures were presented for review by the Committee.

Irrigation Department O&M Costs

2016	156.42/Irrigated acre	6.39 AF/Ac
2017	160.11/Irrigated acre	6.31 AF/Ac

5) Expense Budget 2017-2019 (O & M)

Power Division

		<u>Revenue</u>	<u>Expense</u>
Actual	2017	7,928,655	8,012,948
Budget	2018	7,835,000	8,162,600
Budget	2019	7,915,000	8,159,000

Aggregate Power Division

		<u>Revenue</u>	<u>Expense</u>
Actual	2017	6,639,421	5,912,079
Budget	2018	6,480,000	6,518,000
Budget	2019	6,840,000	6,672,000

Irrigation Division

		<u>Revenue</u>	<u>Expense</u>
Actual	2017	8,814,332	8,815,767
Budget	2018	8,941,000	8,781,650
Budget	2019	8,941,000	9,296,500

General Administration

		<u>Revenue</u>	<u>Expense</u>
Actual	2017	68,282	4,405,757
Budget	2018	80,000	4,481,800
Budget	2019	80,000	4,551,000

- 6) The Manager proposes no increase in the water O&M Assessment for 2019. The basic O&M Assessment will remain \$98/acre.
- 7) The Manager proposes no increase in Power rates for 2019.
- 8) The Wage and Salary Committee recommends that the Board conduct a formal review of the Manager's performance. The suggested time for the formal review is the month of November.

It was moved by Director Woodhouse, seconded by Director Marlatt and unanimously carried to approve the 2019 Budget as presented.

**RESOLUTION 773-18 – 2019 BUDGET – ACTION:**

It was moved by Director Woodhouse, seconded by Director Marlatt, and unanimously carried to adopt Resolution No. 773-18, approving the District's budget for Calendar Year 2019.

**DESERT FOOD SAFETY COALITION: ACTION**

The Yuma Safe Produce Council has created the Desert Food Safety Coalition. The purpose of the Desert Food Safety Coalition is to bring together area agricultural industry groups to further discuss and collaborate on the subject of food safety.

The Yuma area irrigation districts were invited to join as supporters of the Coalition. The request does not include a funding commitment.

Amanda Brooks with the Desert Food Safety Coalition was present to answer any questions the Board had.

It was moved by Director Woodhouse, seconded by Director Sharp and unanimously carried to approve the District's partnership with the Desert Food Safety Coalition.

**NATIONAL INFORMATION SOLUTIONS COOPERATIVE ENTERPRISE SOFTWARE:**

The Manager and staff have been negotiating with National Information Solutions Cooperative (NISC) for the purchase of hosted business enterprise software. An overview of the services and software offered by NISC was presented..

District staff have selected the NISC Customer Care and Billing (CC&B) suite, the Accounting and Business Solutions (ABS) Suite, select Payment Channels (SmartHub online, RemitPlus check processing, and Online Bill Pay Interface), Document Vault, and Automated Mailroom Services.

NISC business solution software will be hosted. The servers, related hardware and software are installed and hosted at Basin Technology Inc., a subsidiary of Basin Electric Cooperative in. NISC will be responsible for installation of all upgrades, system and data security, server maintenance, and system backup. NISC offers two off-site redundant backup systems.

The District is eligible for the Small Utility Productivity Pack discount of 50% of certain implementation fees and some monthly recurring fees. A fee proposal is attached. One-time implementation fees total \$74,050 plus \$5,186 for Third Party hardware and Software. Monthly recurring fees are estimated at \$4,646.

Installation of the NISC system, including data migration and staff training, will take 10-12 months.

Kenny Baughman was available to answer Board questions.

It was moved by Director Sharp, seconded by Director Ware and unanimously carried to approve the use of the NISC software.

**2018 GILA GRAVITY MAIN CANAL OUTAGE: INFORMATION**

The triennial 2018 Gila Gravity Main Canal outage is scheduled to begin Sunday, November 25 and to end no later than Friday, November 30 with water back in the canal Saturday December 1. During the 2018 outage, the following activities are scheduled:

1. Rebuild one Gila Diversion gate pair per USBR Recommendation 2013-2-1.
2. Repair the embeds on the Gila Diversion gates rebuilt in 2015.
3. Place the stoplogs and inspect one pair of the unused radial gates for scheduled 2019 repairs.
4. Potential repairs of the Gila Headgate trunnion blocks.

During this same time, the Western Area Power Administration and the Bureau of Reclamation will be replacing the transformer at Senator Wash Substation and repairing a turbine at the Senator Wash Pumping Plant.

The District will fill all checks prior to the outage in order to provide emergency and domestic water. However, water availability will be limited during the outage. The Water Department will start working with growers and landowners next month so that they may plan accordingly.

**LEGISLATIVE REPORT: INFORMATION**

Veridus LLC prepared the Final Legislative Session Report for the Board. The report covers the final disposition of bills that were important to the District. The Manager and legal staff discussed some of the bills that were signed by the Governor.

Jeffery Sandquist and Jeremy Gerlach will attend the July 10 Board meeting to provide their analysis of the last legislative session, the upcoming election, and what to expect from the next session.

**CALL TO THE PUBLIC:**

Larry Killman, Wellton Town Manager, informed the Board that the Wellton pool is open. The Town is actively working on the repair and maintenance of the Coyote Wash Golf Course. Larry thanked the District for their assistance in the repair of the pumps on the canal.

**CASH ON HAND REPORT – JUNE 5, 2018:**

National Bank of Arizona	\$18,648,977.05
Working Fund	<u>5,000.00</u>
	\$18,653,977.05



**NEXT REGULAR BOARD MEETING – TUESDAY, JULY 10, 2018:**

The next regular board meeting was scheduled for Tuesday, July 10, 2018.

President Murdock called for a motion to move into executive session at 2:37 p.m. It was moved by Director Nickerson, seconded by Director Ware and unanimously carried to move into executive session.

The executive session convened at 2:40 p.m.

President Murdock read the confidentiality statement. After discussion on various topics a motion was made by Director Nickerson, seconded by Director Sharp and unanimously carried to return to open session at 3:40 p.m.

Since there were no other items to discuss, it was moved by Director Nickerson, seconded by Director Sharp and unanimously carried to adjourn the meeting at 3:41 p.m.