



**Public briefing on Abrego North Pool
2 p.m. Friday, March 13, 2015
Abrego North, Poolside**

**Statement by Kent Blumenthal, Ph.D., CAE
CEO, Green Valley Recreation, Inc.**

Good afternoon, and thank you for attending today's briefing on the Abrego North Pool. For those of you who don't know me, I'm Kent Blumenthal, CEO of Green Valley Recreation.

I know many of you have questions, and I hope to answer these today by sharing with you everything that we know about the pool's history and the steps that we have taken over the years in an attempt to keep it open and in good repair. I also hope to dispel some misinformation and rumors that have been circulating.

Hoping to increase GVR's outreach and communication with members and special stakeholders, I invited officers of several HOA's that surround Abrego North to this briefing. Please acknowledge if you are here as I call out your HOA:

- Country Club North
- Country Club Estates
- Ranchettes
- Villas Santa Rita
- Green Valley Casitas
- Casa de Abrego

Before I continue with the briefing, I wish to make a few introductions:

- Volunteer leaders on your board of directors and several committees and task forces, are vested in the success of our community and contribute selflessly for the greater good of Green Valley Recreation, Inc., often aspiring to the Wisdom of Solomon. Several directors are with us this afternoon:

VP Blaine Nisson
Treasurer Joe Gunton
Director John Hadley
Director John Arnold
Director Barb Mauser

Director Tom Kennel
Director Jeff Harrell
Director Richard Kidwell
Director Gunnar Bonthron
Director Jim Burt

- GVR could not adequately provide for the recreation and leisure needs of its 23,100 individual members among nearly 14,000 rooftops without the very capable assistance of its staff. With me today are:

- Recreation Director, Jim Conroy
- Facilities director, Guy Sundvik
- Facilities Supervisor, David Coy
- Controller, Cheryl Moose
- Facilities Supervisor, David Jund
- Mkt. & Cm Mgr., Sherri Cadeaux

I know you consider Abrego North *your* Center. I understand that. You may have purchased your home here because of its proximity to the Center. I felt it important to share with you all information we have about the pool, sequence of events, and possible options for resolution moving forward.

I'd like to start by taking you through the sequence of events from November 2014 to present, and then I'll share some of the historical repairs on this pool and spa since 2008.

In early November 2014, GVR was contacted by Community Water Company to advise us of a sharp spike in water usage at the Abrego North Center. Staff immediately examined pool area, and we called in American Leak Detection to pinpoint the problem at a cost of \$600.

Multiple tests identified four (4) large cracks in the pool shell and a large leak in the return line, causing leakage at the rate of about 2 gallons per minute. This is Southern Arizona, and we ought not to waste a precious resource like water, so I made the decision to shut-off the water and drain the pool to evaluate the problem.

We promptly contacted our insurance company. A claims representative toured the pool area, assessed the damage, and filed our claim.

GVR was notified on December 11, 2014, that the insurance claim was denied. Our insurance broker for about 23 years, Lovitt & Touche, informed us they were filing an appeal of the denied claim. On January 27, 2015, Lovitt & Touche notified GVR that the appeal also was denied. The appeal notice cited fine print in our policy that excluded piping beneath the pool as a covered item.

We rely on expert advice for our insurance coverages, just as we often do in legal and financial arenas. Insuring GVR's 14 facilities and multiple activities is expensive. GVR's insurance premium for liability, property and auto is approximately \$200,000 annually. As a result of our initial claim and appeal both being denied, I have directed staff to research other insurance brokers, carriers, policies and coverage.

Through its Articles of Incorporation, Bylaws, and Corporate Policy Manual, GVR offers oversight and has in place procedures and mechanisms that allow for thoughtful consideration in balancing member interests with long-term financial interests of the Corporation.

After the denial of our claim appeal, the matter was correctly referred to the Planning & Evaluation Committee for their review. The P&E Committee offers a procedure for evaluating and prioritizing major projects in an orderly fashion to manage facilities deeded to us, and give each project due diligence. Projects that cost more than \$20,000 are obliged to receive P&E Committee and Board approval.

I think it's important to note here that there is absolutely no correlation between GVR's decision to construct additional pickleball courts and what might be required to repair Abrego North pool. We are not doing one at the expense of the other, and the timing of both is coincidental. Discussions about adding more pickleball courts were occurring long before the failure of this pool. Adding pickleball courts is something that we can do immediately to meet ever-increasing demand for that sport, while addressing the pool repair requires more evaluation to make sure that it is possible to still have a pool at Abrego North, given recurring repair problems, and if we can, making sure that the pool is fixed right and that problems don't reoccur.

It appears as though Abrego North pool is a major repair project and that there is no quick, simple, inexpensive fix. The pool and spa have had multiple major failures in less than 10 years.

I think it's important that you, as members who use this pool, understand its record of historical maintenance and repair:

- **On May 29, 2008**, GVR staff discovered the Abrego North spa had separated from the deck, settling about 1-2 inches. The spa was drained, and closed for evaluation. A water supply line had ruptured, allowing water to flow into the surrounding foundation causing it to sink.

Pool construction contractor Cimarron Circle was hired in June 2008 to inspect the damage and provide an estimate for repairs. Our insurance company was contacted and a claim filed June 9, 2008 and repairs were completed at a cost of \$35,360.

- **In 2012**, the deck and pool was completely refurbished by Pima Pool & Plastering at a cost of \$30,808. The deck was sanded, acid washed, sealed and re-plastered and uneven trip points were eliminated. The pool was completely re-plastered.
- **One year later, in January 2013**, staff again noticed the spa was settling. American Leak Detection performed a dye test, but no leaks were found. However, we discovered that water was being pushed under the deck when the blower operated, and the auto-fill line was not operating properly as plaster was found lodged in the feed line to the spa, possibly during construction.
- **In March of 2014**, as part of our detailed facilities inspection, staff again observed settling of the spa area and deck. A geo-technical soil evaluation was performed by Western Technologies at a cost of \$3,000.

It was discovered that a slot drain was not providing adequate drainage, which was repaired by staff. The report also speculates that previous water penetration into the foundation soil, or the use of substandard gravel fill during construction may have compromised the stability of the pool and spa.

The firm recommended injecting a densifying foam to the soil to stabilize the foundation at a cost of \$30,000. *However, they could not guarantee this would resolve the problem, and believed settling should stabilize within 1-2 years.*

So addressing these issues is neither simple nor quick, and it is likely to be costly. I wish I was wrong, but this does not appear to be case.

So, what happens next?

I mentioned a little earlier that we have process and procedure within GVR that we follow for all major projects, and we operate within the policies set by the organization. Projects like this are referred to the Planning & Evaluation Committee and, if approval of funding is needed, to the Fiscal Affairs Committee. The P&E Committee has added the Abrego North pool to its list of projects to be addressed, and each will be given fair and due diligence. This committee will consider all options for how to proceed and make a recommendation to the full Board for its approval.

In the meantime, earlier this week the Fiscal Affairs Committee adopted a motion requesting that the Board of Directors authorize monies to pay a certified contractor for a fact-finding mission to find out what it will cost to repair Abrego North pool to its fully operational, pre-failure condition. Monies for the effort would come from the capital replacements reserve fund. The Board will consider the Fiscal Affairs Committee request at its meeting next Tuesday, March 17 at 1:30 PM at GVR's Desert Hills Center. A cost estimate for the fact-finding mission was just received from Kratt Construction, a highly regarded aquatics maintenance and construction firm not to exceed \$15,000. This would involve removing a section of the pool and partial excavation of the foundation. A fact-finding evaluation is essential to determine needed repairs and associated costs, which are not known at this time.

The Abrego North pool failure underscores the importance of GVR's development of a Master Facility Plan for all of our Centers, so that there are guidelines in place for short- and long-term planning, repairs and replacement as facilities age.

As part of the board-approved FY 2015 budget, GVR is in the process of hiring an architectural/engineering firm to assess our facilities and make recommendations for improvements and use of space to meet current and future needs.

Our facilities are aging, and as GVR homeowner you have skin in the game. You know that there comes a point when major repairs and replacement are required.

Though not nearly where we should be, going forward, GVR must continue to build-up its Capital Replacements Reserve fund. Thanks to the Board's efforts this past year, our capital replacements reserve fund which is part of a comprehensive GVR reserve fund strategy, has increased to \$3,240,789. Recently, our independent auditor commended GVR for setting-aside monies for future facility maintenance and repair. The leadership at GVR would be doing our

members a great disservice if we did not have a comprehensive and adequately-funded reserve accounts to sustain our facilities.

I hope that by sharing this information with you today that you better understand some of the complex issues we are facing with managing the repairs at this pool and all facilities within our organization. I hope I have answered your questions, and want to thank you for your patience. We want to do the right thing for you, and for all our GVR members.

Thank you.