

**BOARD OF DIRECTORS  
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT  
PIMA COUNTY, ARIZONA**

**December 5, 2016**

**\*\* Board Room \*\***

**Metropolitan Domestic Water Improvement District  
6265 N. La Cañada Drive  
Tucson, AZ 85704**

**MINUTES**

**Board Members Present:** Judy Scrivener, Chair  
Jim Doyle, Member  
Helen Ireland, Member  
Dan M. Offret, Member

**Board Members Not Present:** Bryan Foulk, Vice-Chair

**District Staff:** Joseph Olsen, General Manager  
Sheila Bowen, Deputy General Manager / District Engineer  
Diane Bracken, Chief Financial Officer  
Steve Shepard, Utility Superintendent  
Tullie Noltin, Clerk of the Board  
Theo Fedele, Recorder  
John Hinderaker, Legal Counsel

**Executive Session**

**Call to Order and Roll Call**

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:31 p.m. Jim Doyle, Dan M. Offret and Judy Scrivener were present. Bryan Foulk was not present.

- I. Consideration of Action to go into Executive Session for the following purpose:  
Pursuant to §38-431.01.A.1 discussion of the annual performance of the General  
Manager.**

Mr. Offret made a motion to adjourn into Executive Session. Ms. Ireland seconded the motion. Motion passed unanimously. The Board adjourned into Executive Session at 5:32 p.m.

The Executive Session concluded at approximately 6:08 p.m.

## **Regular Session**

### **I. Call to Order and Roll Call**

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:09 p.m. Jim Doyle, Dan M. Offret and Judy Scrivener were present. Bryan Foulk was not present.

### **II. General Comments from the Public**

There were no comments by the public.

### **III. Consent Agenda**

- A. Approval of Minutes – November 14, 2016 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Water Service Agreement for Sage Desert Senior Living M-16-005.**
- D. Approval of Regular Board Meetings in 2017.**

Ms. Ireland made a motion to approve the consent agenda. Mr. Offret seconded the motion. Motion passed unanimously.

### **IV. General Business - Items for Discussion and Possible Action**

#### **A. Monthly Status of the District.**

Mr. Olsen said total fiscal year to date consumption for all service areas is 1% above last fiscal year to date.

The Board was previously briefed on the 1,4-dioxane blending activities at the Horizon Hills well site as well as various collaborative efforts on data sharing related to water quality information. Tucson Water and Marana have joined the District with respect to data sharing. The next step is to reach out to other water providers in the region to gather 1,4-dioxane data in effort to paint a more complete picture of the region's water quality as it relates to the emerging contaminant as well as to coordinate with regulators.

Central Arizona Project held a workshop on November 22, 2016 to discuss a system use agreement that will formally enable the District and the City of Phoenix, as well as the City of Tucson and the City of Phoenix, to move forward with the next phase of the Inter-AMA (Active Management Area) firming agreement. Staff attended the workshop and found the draft system use agreement to be complete in form and content and believe it will be able to formalize the Inter-AMA partnerships in the near future.

Project close out continues at Casa Adobes main line project and, while work has been completed, discussion continues regarding various claims.

Mr. Offret asked about the timeline for the Oracle Jaynes replacement well and when drilling will begin. Mr. Olsen stated that the Oracle Jaynes replacement well is a high priority project on the capital improvements program. Various specifications needed to be accomplished to move forward into drilling. Mike Block, Water Resources Manager, stated that the wait was based on the Regional Transportation Authority (RTA) Project and the drilling permit is done, the specifications are almost done, and the City of Tucson's contract will be utilized so bids are not needed which will save time. Mr. Olsen said that the funding path was split between the RTA project and the Oracle Jaynes replacement well. The goal is to move forward in a parallel effort and begin drilling this year depending on the RTA schedule.

#### **B. Financial Report.**

Ms. Bracken said revenue and expenditures as of October are both favorable with revenue at \$840,071 over budget and expenditures at \$413,444 under budget utilizing a straight-line projection resulting in a favorable revenue in excess of expenditures totaling \$1,253,515. The largest increase in revenue is from Metered Water Sales which exceeded the straight-line projection by \$759,417. Water Resource Utilization Fees are \$73,292 ahead of budget when compared to a straight-line projection. Expenses for supplies and regulatory fees continue to be over budget and all other expenditures are under budget at this point in the fiscal year. Revenue through October 2016 is \$286,696 higher than it was in October of 2015 with an increase of \$393,632 in Metered Water Sales, an increase of \$93,675 in Water Resource Utilization Fees, and a decrease of \$174,895 in development revenue. The total operating expenditures in October 2016 are \$47,404 higher than in October 2015. When comparing revenue in excess of operating expenditures to October 2015 the current year is favorable by \$239,292.

The Arizona State Treasurers Office pooled collateral program statement for October provided collateralization coverage of \$3,574,014.95 in addition to the \$500,000 of FDIC insurance coverage.

The American Express Corporate Accounts Payable Solution card was used for normal business purchases totaling over \$1.9 million since March of 2014 and has generated a District savings of \$19,076.67.

A total of eight meter applications were received in November 2016 compared to 10 received in November 2015. As of the end of November, a total of 40 meter applications have been received compared to 74 meter applications in the prior fiscal year.

**C. Approval of Water Service Agreement with Alta Vista Communities Casas Adobes for Avilla Pima Canyon.**

Mr. Olsen stated that one of the long range infrastructure initiatives that the District is looking to accomplish is to enhance reliability south of Orange Grove, west of Oracle. This Water Service Agreement is an opportunity to do a relatively short main extension to connect into the infrastructure required for this project as well as to oversize the diameter of onsite mains from an 8" up to a 12" with the District only paying the differential cost between the 8" and the 12", enabling the District to meet the water delivery needs south of Orange Grove at a substantially lower cost than if the District were to construct the infrastructure as part of a stand-alone project. The developer did a series of bids for the 8" and 12" differentials to see the size and scope and between the offsite connection and the oversize the cost to the District is approximately \$150,000.

Mr. Offret asked about the benefit to the Orange Grove area. Mr. Olsen stated that there is a significant bottleneck in the infrastructure coming south on Oracle before it reaches Orange Grove and there are some utility conflicts that present an easy solution. This project will connect through the nearby development to flow water where it is needed.

Mr. Offret made a motion to approve the Water Service Agreement with Alta Vista Communities Casas Adobes for the Avilla Pima Canyon development. Ms. Ireland seconded the motion. Motion passed unanimously.

**D. Award of the Construction Contract for the Cortaro-Marana Irrigation District Groundwater Savings Facility Delivery Pipeline.**

Mr. Olsen stated that there have been previous discussions about the benefits of the Cortaro-Marana Irrigation District (CMID) effluent delivery pipeline to deliver a portion of the District's effluent to CMID farmlands to enhance the effluent credit generation. This item is for the conditional award of the construction contract of this pipeline. The award is conditional because all bids are only good until January 2, 2017 and the Intergovernmental Agreement (IGA) needs to be approved by the Pima County Board of Supervisors, who will consider it on December 13, 2016, and the Bureau of Reclamation. Since the Board will not meet again until the January meeting, a conditional award enables the award of the contract if the IGA is fully executed by all parties.

Mr. Offret made a motion to award the construction contract for the Cortaro-Marana Irrigation District Groundwater Savings Facility Delivery Pipeline to KE&G Construction, Inc. in the amount of \$243,664.00 contingent upon the execution of the IGA by all parties and to authorize the General Manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed \$6,000.00 and 2) increase the original construction contract term a cumulative amount not to exceed sixty (60) calendar days. Any

changes in excess of the above limits will be submitted to the Board of Directors for approval. Mr. Doyle seconded the motion. Motion passed unanimously.

**E. Approval of Amendment No. 2 to the Professional Services Agreement for Miscellaneous Design Services with Westland Resources, Inc.**

Mr. Olsen stated that at the June 8, 2015 Board meeting the Board approved the professional services agreement for miscellaneous design services with WestLand Resources, Inc. to accomplish various design services. This amendment is to increase the total contract amount from \$75,000 to \$125,000 for various ongoing design activities that WestLand has been accomplishing as well as various items planned for the remaining fiscal year including the CAP RRDS life cycle cost analysis, preliminary electrical analysis for proposed well sites, and the Avra Valley Recharge Project (AVRP) design improvements. The funding to complete this work is available under the Water Resource Utilization Fee.

Mr. Offret made a motion to approve Amendment No. 2 to the Professional Services Agreement for Miscellaneous Design Services with WestLand Resources, Inc., which increases the contract amount to \$125,000. Ms. Ireland seconded the motion. Motion passed unanimously.

**V. General Manager's Report**

Mr. Olsen stated that on November 30, 2016 a public meeting was held to discuss the Lower Santa Cruz River Basin study which will determine any imbalances between supply and demand at the river basin as well as any mitigating strategies. Over 60 professionals, stakeholders, and interested parties attended the meeting and all agreed that this is an important study particularly now with potential shortages in the Colorado River System in the near future.

A Member of the Board of Directors who has served the District for a number of years is not just serving as a District resident but also serves the public, ensures transparent operations and utility, and ensures safe reliable drinking water. When staff has reached a years of service benchmarks he or she is provided with a years of service pin as a token of appreciation and recognition of their dedicated service. Congratulations to Judy Scrivener who has reached ten years of service with the District.

**VI. Legal Counsel's Report**

Mr. Hinderaker said he had nothing to report.

**VII. Clerk of the Board Updates; Future Meetings**

The next regularly scheduled Board meeting will be held on January 9, 2017. The next Financial Oversight Committee (FOC) meeting is scheduled for Tuesday, January 24, 2017. The Board is welcome but not required to attend the FOC meeting.

**VIII. General Comments from the Public**

Ms. Ireland spoke as a member of the public and wished more people would attend the Board meetings to see all that is going on. She stated that Mr. Olsen is doing a wonderful job, has done some great presentations regarding water quality and revenue stability, and that the CAP RRDS is an amazing effort that is making great progress.

**IX. Adjournment**

The meeting adjourned at 6:30 p.m.

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Judy Scrivener, Chair of the Board

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Tullie J. Noltin, Clerk of the Board