

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

**March 9, 2015**

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

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

**MINUTES**

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

**District Staff:** Joseph Olsen, General Manager  
Diane Bracken, Chief Financial Officer  
Charlie Maish, District Engineer  
Tullie Noltin, Recorder  
Steve Shepard, Utility Superintendent  
Warren Tenney, Assistant General Manager  
John Hinderaker, Legal Counsel

**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 6:00 p.m. Jim Doyle, Bryan Foulk, Helen Ireland, Dan Offret, and Judy Scrivener were present.

**II. General Comments from the Public**

Mr. Tenney clarified that item number two on the agenda was an oversight and should not be on the agenda. The minutes reflect the correct numbering per the discussion of the Board.

**III. Consent Agenda**

- A. Approval of Minutes – February 9, 2015 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Workers Compensation Coverage.**
- D. Approval of Water Service Agreement – Avilla Sabino East, 1-130.**
- E. Approval of Water Service Agreement – Desert Harbor, Lots 41 & 42.**

**F. Approval of Water Service Agreement – Desert Springs Evangelical Presbyterian Church.**

Mr. Offret made a motion to approve the Consent Agenda. Mr. Foulk seconded the motion. Motion passed unanimously.

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

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

Mr. Olsen said the fiscal year to date water consumption for Metro Main and Metro Hub is 6.8% less than the previous year and Metro Southwest is up 2.4%. Due to lower demands, metered revenue continues to be below last year but is comparative when taking all other sources into account.

Utility staff has performed in house well repairs and patches to the New Linda Vista storage tank, saving the District from having to hire an outside contractor to accomplish the work. Staff also repaired a main break on Andrea Doria, which is one of the mains the District has prioritized for replacement in next year's proposed capital improvement program (CIP). The proposed CIP list and associated financial plan will be brought to the Finance Oversight Committee (FOC) for discussion on March 23, 2015.

Pima County has provided comments on the Cortaro-Marana Irrigation District effluent delivery pipeline and associated intergovernmental agreement which is being incorporated into the draft agreement that will hopefully be brought to the Board at the April meeting.

Cultural and environmental field work has been completed on the Oracle Jaynes property and no issues were found. The sellers have notified the three tenants of the need to relocate on February 26, 2015 and the coordination process has begun.

Property discussions continue for the Central Arizona Project (CAP) Recharge, Recovery, and Delivery System. Parcels are being evaluated by District staff and Tierra Right of Way Services to ensure the correct location, acreage, and intended usability.

**B. Financial Report.**

Ms. Bracken said revenue and expenditures through January were both favorable with revenue of \$348,578 over budget using a straight line projection. Increases are largely attributed to Water Resource Utilization Fees and other income. Water sales are under budget on a straight line projection by \$15,214. After analyzing the monthly consumption over the last ten years, in January the District should have collected approximately 61% of budgeted water revenue at this point but has currently collected 58%. Historically, February and March have been the lowest consumption months with about 6% consumption occurring each month. With average consumption in April, the District is not expecting to see increases in consumption until May and June, when historically,

consumptions have increased by 9 and 10% respectively. Operating expenditures are under budget by \$763,248 using a straight line comparison. At the end of the seven month period this fiscal year, revenue in excess of operating expenditures is favorable when compared the budget by \$1,111,825. Prior year comparison of revenue through January is \$1,575 lower than in January 2014. Total operating expenditures this fiscal year when compared to the prior fiscal year are lower by \$107,034. When comparing revenue in excess of operating expenditures to the prior year, the current year is favorable by \$105,459.

There are no expenditures to report on the CIP funded with 2007 Water Infrastructure Finance Authority funding, with only the final design modifications pending for the vessels at Metro Hub wells 1A and 3.

A total of 23 meter applications were received in February, compared to 20 applications in February of the prior fiscal year. Meter applications so far this fiscal year total 76 compared to 233 meter applications in February 2014.

The office solar panels continue to generate a savings on electricity. Electric costs for the eight months total \$20,847 compared to \$24,468 last fiscal year \$25,476 for the same period in fiscal year 2011. The year to date cost reduction is \$4,629 when compared to fiscal year 2011 and a reduction of \$3,621 when compared to fiscal year 2013.

As of February, the District has been using the American Express card for one year and has accumulated points with a value of \$6,099. So far the District has purchased four iPad tablets and will continue to purchase additional iPad tablets in the upcoming year.

### **C. Legislative Issues for 2015.**

Mr. Tenney said since writing of the report, the extension of the CAP four cent tax has passed through two committees of the Senate and is waiting to be scheduled and be heard by the whole Senate. It has already passed the House, so it continues moving through the Legislature on its way to the Governor's desk.

There is proposed legislation regarding domestic water improvement districts (DWID) that would allow a three member board to become a five member board. This does not impact Metro Water District, as we already have a five member Board. Mr. Offret asked if the number is determined by the County. Mr. Tenney said when a DWID is being formed, the number of members is specified in the petition. This proposed bill would allow DWIDs originally established as a three member board to hold an election to increase to a five member board. The bill is coming from a DWID in Northern Arizona.

Mr. Foulk and Mr. Offret complimented Mr. Tenney on his participation in the recent Southern Arizona Water Users Association forum for elected officials.

**D. Approval of Contractor Selection for the La Cholla Boulevard Above Ground Facility Completions.**

Mr. Olsen said Regional Transportation Authority (RTA) and Pima Department of Transportation initiated an accelerated design and construction schedule in December 2010 for numerous roadway projects inside Metro Main. Accelerated schedules and overlapping work resulted in things like fire hydrants, air release valves, and corrosion testing stations being in a partial state of completion. Now that the roadway improvements on La Cholla are complete, the District can adjust above ground infrastructure to the correct elevation and ensure functionality. Following the procurement policy the Board approved in February, the City of Tucson's job order contract for water distribution main replacements was utilized to receive proposals and staff recommends selecting the lowest cost proposal, which came from Tricon Contracting, Inc.

Mr. Offret asked if this will be funded with the RTA fee. Mr. Olsen said this will ultimately come from the RTA fee. Once the work is completed, it is rolled into all other RTA work and goes into the equation for full reimbursement from the \$3.00 monthly RTA charge on customers' bills.

Mr. Foulk made a motion to approve the selection of Tricon Contracting, Inc. for the La Cholla Boulevard Above Ground Facility Completions in the amount of \$28,500.00. Ms. Ireland seconded the motion. Motion passed unanimously.

**E. Annual Water Level Monitoring Report.**

Mr. Olsen said for over 20 years, the District has monitored groundwater levels across the service area to meet operational and regulatory requirements. The program initially monitored 36 wells and is now up to 56 wells across five of the District's service areas. The Metro Southwest - Lazy B service area is not included in the program as the well serving that area is not large enough to facilitate water level measurements. Gary Burchard, Hydrologist II, gave a PowerPoint presentation about the various levels in each area.

**F. Approval of Agreement with the City of Tucson for the Delivery of District's Central Arizona Project Water to Metro Southwest.**

Mr. Olsen said managing and tracking the depth to groundwater in each service area is crucially important for water resource, financial, and operational perspectives. Over the past year, the District has worked closely with Tucson Water in an effort to leverage city recharge facilities and transmission infrastructure close to Metro Southwest in a way to deliver renewable water supplies to this area, as opposed to relying on groundwater pumping. Some of the benefits associated with this particular wheeling agreement, also known as a conveyance agreement, include financial savings associated with reduced operation of the Lazy B arsenic treatment system, the ability to satisfy the designation of assured water supply for the service area, the ability to avoid more expensive Central Arizona Groundwater Replenishment District water to meet the needs of the area, the ability to ensure renewable water supply for future developments (currently including Camino Verde, Pomegranate Farms, and Sendero Pass), and the ability to provide a redundant

source of water to enable a more resilient system if there are impacts with wells. As Mr. Burchard pointed out, this is the service area with the greatest depth to groundwater, so this will hopefully help continue the rise in the aquifer levels and help with financial and operational issues there. Negotiations with Tucson Water have ensured that District residents pay only for the costs associated with conveying the District's renewable supplies to the service area and many rate components were redacted that were not related to wheeling or conveying our water to ensure this equitability. This agreement is another highlight of the collaborative approach the District has been able to take with the City, other water entities in the region, and the State to ensure water resource, operational, and financial reliability. The Tucson City Council is currently scheduled to consider this IGA wheeling agreement in April.

Mr. Foulk made a motion to approve the Agreement with the City of Tucson for the delivery of the District's Central Arizona Project water. Mr. Offret seconded the motion.

Mr. Offret thanked Mr. Olsen for his expertise in negotiations. He is pleased with the rates. Mr. Offret asked if this will be revisited yearly. Mr. Olsen explained the methodology for arriving at the power component, which is a pass through cost as well as the operational costs associated with leveraging the City's facilities and infrastructure. The methodology is reviewed every year, and the wheeling rate might go up or down slightly but is adjusted based on the true cost of service of the respective components, which are related and incorporated within wheeling.

Motion passed unanimously.

#### **V. General Manager's Report**

Mr. Olsen said last November, a quiet title was filed for the ownership of the District's Ranch House Estates property. As has been briefed previously, the property ownership dates back to the Thermal Water Co-Op and attempts to reach representatives from Thermal Water Co-Op were unsuccessful. A quiet title was filed and on February 26, 2015, Superior Court entered a default judgment against the Co-Op, which was uncontested. The District has no plans for the property and once the process to clarify ownership is resolved, the property can be brought to the Board for consideration of sale.

The District is entering into the Fiscal Year 2016 financial and budget planning cycle. Upcoming key dates for the Board to keep in mind are the FOC meeting March 23, 2015, when the proposed financial plan, fixed/variable revenue adjustments, as well as developer plan review fees, proposed adjustments to fire service fees, and other items will be discussed. The following week, on March 30, 2015 at 5:30 pm, the results and recommendations of the FOC meeting will be brought to the Board in a Study Session. Should the Board concur, an Information Meeting will be held on May 13, 2015, similar to the one held last cycle, to address any of the public's questions. The public rate hearing will be scheduled May 18, 2015.

AZ Water's Annual Conference will be held in Glendale, Arizona on May 6<sup>th</sup> – 8<sup>th</sup>. The theme this year is "A vibrant Arizona through safe, reliable water". The conference will also offer numerous

tracks for various water and wastewater discussions, dealing with resources, technology, and treatment. Early registration has now begun and Board members are welcome to attend.

As a follow-up from last meeting, billing adjustments over \$100 now include the reasons for adjustment on the report. Mr. Foulk thanked Mr. Olsen.

**VI. Legal Counsel's Report**

Mr. Hinderaker said he had nothing to report.

**VII. Future Meeting Dates; Future Agenda Items**

Mr. Tenney said the FOC meeting will be held March 23, 2015. The Board Study Session will be March 30, 2015 at 5:30 pm lasting approximately 1.5 hours. Ms. Scrivener will not be available March 30, 2015. The next regular Board meeting is scheduled for Monday, April 13, 2015.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 6:36 p.m.

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Judy Scrivener, Chair of the Board

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Warren Tenney, Clerk of the Board