

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

**May 11, 2015**

**\*\* 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  
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, Helen Ireland, Dan Offret, and Judy Scrivener were present. Bryan Foulk was not present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Consent Agenda**

- A. Approval of Minutes – April 13, 2015 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Accounts Removed from Active Accounts Receivable.**

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

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

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

Mr. Olsen said fiscal year to date consumption in Metro Main is down 6% and Metro Hub is down 7% over the previous year. These reductions are trending towards making 2015 the lowest demand year in the District's history for both Metro Main and Metro Hub, and highlights the importance of the upcoming discussions on revenue stability and fixed/variable revenue balancing.

The Utility Team finished an interior coating repair on Storage Tank No. 4 at the Metro Southwest - E&T service area in order to ensure the tank is back in service prior to expected increases associated with summer demands.

Staff has been working with Arizona Department of Environmental Quality (ADEQ) on negotiating the Fiscal Year 2016 reimbursement contract for the operation of the South Shannon treatment system. The contract is scheduled to be brought to the Board for consideration at the June meeting.

The flow test for the Cortaro-Marana Irrigation District (CMID) effluent delivery pipeline to determine its integrity is scheduled for June. Coordination continues with ADEQ and Pima County regarding the reuse permit.

The Hoover Power application was submitted on April 27, 2015 and Arizona Power Authority will provide a draft recommendation on which entities will receive from this reallocation pool by June 15, 2015.

ADWR and Central Arizona Water Conservation District held a shortage workshop on April 22, 2015. Current projections are a 75% chance that the Colorado River will enter the first shortage declaration in 2017 based on Lake Mead levels. This would initially impact excess water users and some agriculture users but municipal & industrial users such as the District would not be impacted during the first shortage tier. What is concerning is that this would be the first time such a shortage is declared. Staff is monitoring those projections.

The sale of the Oracle Jaynes well site property continues. Coordination between the two remaining tenants on the property continues and the seller has until February 2016 to complete the process.

Progress continues on the land acquisitions for the CAP Recharge, Recovery, and Delivery System. Two of three well sites have been identified and the District is refining the size of the property needed for the larger booster, forebay, and future treatment facility parcel. Staff met with BKW Farms to discuss comments and concerns regarding a potential third well site.

## **B. Financial Report.**

Ms. Bracken said revenue and expenditures through April are favorable with revenue of \$321,397 over budget and expenditures \$992,027 under budget using a straight line projection, resulting in a favorable revenue in excess of expenditures totaling \$1,313,424. Increases in revenue are largely attributed to development revenue of \$398,318 over budget, Water Resource Utilization Fees (WRUF), and other income. The largest reduction in expenditures is in consultants and contracted services, which are \$522,676 under budget on a straight line projection. Water sales are under budget on a straight line projection by \$569,392. A ten-year monthly consumption average would predict year to date collections at the end of March to be at approximately 73% of the budgeted water revenue and actual water sales at this point are 71%. Historically, March revenue averages 6% of the budgeted revenue and this year it is averaged 6.61%. If historic averages of 8% in May, 9% in June, and 10% in July continue, metered water sales will end the fiscal year about \$256,000 below the budgeted revenue. A prior year comparison of revenue through March is \$303,906 higher than March 2014. Total operating expenditures this fiscal year when compared to the prior fiscal year are lower by \$515,988 when comparing revenue in excess of operating expenditures to the prior year, the current year is favorable by \$819,895.

A total of 11 meter applications were received in April compared to 18 applications in April of the prior fiscal year. Meter applications this fiscal year so far total 96 compared to 275 applications in April of Fiscal Year 2014.

## **C. Status of Public Hearing for Proposed Rate and Fee Adjustments.**

Mr. Olsen said since mid-March, the Finance Oversight Committee and Board of Directors have discussed proposed adjustments to the rate structure to enhance revenue stability and adjustments to various fees to ensure cost of service recovery. This Wednesday, May 13, 2015 at 6:00 pm, the District will host an information meeting with a presentation on the proposed adjustments and provide an opportunity for District residents to ask questions about the District and the proposed rate adjustment and restructuring. On May 18, 2015 at 6:00 pm, a formal rate hearing will take place for the Board to consider the proposed adjustments.

All the billing inserts announcing the meetings have been delivered to customers and staff has received a number of calls with questions about fixed revenue. Some callers wanted to know how the proposed changes would impact their individual monthly bill based on their usage. The impact to the average customer would be approximately 80 cents per month. Mr. Offret asked which service areas the calls came from and Mr. Olsen said he was not sure of their specific locations but that the majority of customers who called now understand the proposed adjustments and how they would be impacted. Customers who have lingering questions are welcome to attend the Information Meeting or address the Board directly at the Rate Hearing.

**D. Consultant Selection for Miscellaneous Survey Services.**

Mr. Olsen said the next three items on the agenda are for on-call professional services in three arenas of support: miscellaneous survey services, miscellaneous geotechnical and material testing, and miscellaneous design services. The current contracts are set to expire on June 30, 2015. Statements of qualifications were published for each of the contracts with between four and six firms responding to each of the solicitations. Staff recommendations for each of the three contracts are based on a scoring matrix review of the statements of qualifications. The recommendation for survey services is Rick Engineering Company; for geotechnical and material testing, Western Technologies, Inc.; and for design services, WestLand Resources, Inc. Should the Board find the selections acceptable, the contracts will be negotiated and brought back for consideration at the June Board meeting.

Mr. Offret asked if the matrix scoring is available and Mr. Olsen confirmed.

Mr. Offret made a motion to approve the selection of Rick Engineering Company and to direct District staff to proceed with developing an acceptable survey contract agreement (contract and salary rates) with Rick Engineering Company. If staff is unable to negotiate an acceptable survey contract agreement with Rick Engineering Company, then staff has the authorization to negotiate with the next highest ranked firm until an acceptable survey contract agreement is obtained. Staff shall submit the final negotiated survey contract agreement to the Board of Directors for approval. Ms. Ireland seconded the motion. Motion passed unanimously.

**E. Consultant Selection for Miscellaneous Geotechnical & Material Testing Services.**

Mr. Offret made a motion to approve the selection of Western Technologies, Inc. and to direct District staff to proceed with developing an acceptable contract agreement (contract and salary rates) with Western Technologies, Inc. for Miscellaneous Geotechnical & Material Testing Services. If staff is unable to negotiate an acceptable contract agreement with Western Technologies, Inc., then staff has the authorization to negotiate with the next highest ranked firm until an acceptable contract agreement is obtained. Staff shall submit the final negotiated Miscellaneous Geotechnical & Material Testing Services contract agreement to the Board of Directors for approval. Ms. Ireland seconded the motion.

Mr. Offret thought it was great that so many firms requested the package.

Motion passed unanimously.

**F. Consultant Selection for Miscellaneous Design Services.**

Mr. Offret made a motion to approve the selection of WestLand Resources, Inc. and direct District staff to proceed with developing an acceptable design contract agreement (contract and salary rates) with Westland Resources, Inc. for Miscellaneous Water Distribution Design Services. If staff is unable to negotiate an acceptable survey contract agreement with WestLand Resources, Inc., then staff has the authorization to negotiate with the next highest ranked firm until an

acceptable design contract agreement is obtained. Staff shall submit the final negotiated design contract agreement to the Board of Directors for approval. Ms. Ireland seconded the motion. Motion passed unanimously.

**G. Resolution 2015-1 – Adoption of Backflow Prevention Control Program.**

Mr. Olsen said the District has had a backflow prevention and control program in place since 1993. With the upcoming rate hearing including discussion of backflow inspection fees, staff felt it was appropriate to update the backflow prevention control program. While the program in place is still viable, the language needed a couple of updates, especially references to the governing regulations. Mr. Offret asked if there are any substantial additions and Mr. Olsen said no.

Mr. Offret made a motion to approve Resolution 2015-1 to approve the Backflow Prevention Control Program. Ms. Ireland seconded the motion. Motion passed unanimously.

**H. Annual Subsidence Monitoring Update.**

Mr. Olsen said the District has an intergovernmental agreement with Arizona Department of Water Resources (ADWR) to monitor regional subsidence in the District's six service areas. ADWR provides an annual update of observed subsidence in the Tucson region over the previous five years. A map was provided in Board packets which shows measurable subsidence in two locations but neither are within District service areas. The District is not currently impacted but this information has been previously utilized to address District resident subsidence-based questions.

**V. General Manager's Report**

Mr. Olsen said Representative Ann Kirkpatrick of Arizona Congressional District 1 visited Avra Valley Recharge Project on May 6, 2015. The goal of her visit was to see firsthand some of the innovative partnerships that farmers are leveraging with municipal water providers. One example is the mutually beneficial partnership between the District and BKW Farms and others in Avra Valley regarding groundwater facilities where farmers defer groundwater pumping for renewable water resources and the District receives the equivalent amount of water credits as well as an additional monetary benefit.

Annual consumer confidence reports will be mailed to all District residents in all service areas in May.

Mike Block, District Water Resources Manager, gave a presentation in partnership with City of Phoenix staff on Inter-Active Management Area (Inter-AMA) firming at the AZWater annual conference. The presentation about the innovative water management tool was so well received that Mr. Block has since been requested to speak at the Arizona Hydrological Society. Ms. Scrivener said Mr. Block did a great job at AZWater.

The District has been working closely with Tucson Water on inter-AMA firming and wheeling agreements. Tucson Water Director Alan Forrest has announced his departure on June 12, 2015.

There is no word on their interim or long term replacement strategy but District staff will continue to work with Tucson Water staff on these partnerships.

**VI. Legal Counsel's Report**

Mr. Hinderaker said he had nothing to report.

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

A public Information Meeting, which is not an official meeting of the Board of Directors, is scheduled for Wednesday, May 13, 2015. The Rate Hearing is scheduled for Monday, May 18, 2015. The next regular Board meeting is scheduled for Monday, June 8, 2015.

**VIII. General Comments from the Public**

Ingrid Saber, a resident of the District, complimented the District on its speaker card design. She asked about the District entrance sign. Mr. Olsen said the entrance sign will be done in the next capital budget. The old sign had been impacted by the road project on La Cañada Drive. Ms. Saber said the backflow discussion made her think about the washers on the water system in the condominium complex where she resides. She asked if those washers can wear out from water pressure when the water is frequently turned off and on. Mr. Olsen said the plumbing on the private side of the meters are maintained by the homeowner or property manager. Ms. Saber agreed that is the responsibility of the individual unit owner.

**IX. Adjournment**

The meeting adjourned at 6:23 p.m.

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Judy Scrivener, Chair of the Board

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Warren Tenney, Clerk of the Board