

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

MONDAY, MARCH 9, 2020

****BOARD CONFERENCE ROOM**
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
6265 N. LA CAÑADA DRIVE
TUCSON, ARIZONA 85704**

MINUTES

Board Members Present: Judy Scrivener, Chair
Richard Sarti, Vice Chair
Jim Doyle, Member
Bryan Foulk, Member
Dan M. Offret, Member

District Staff: Joseph Olsen, General Manager
Sheila Bowen, Deputy General Manager / District Engineer
Diane Bracken, Chief Financial Officer
Steve Shepard, Utility Superintendent
Theo Fedele, Clerk of the Board
Jeffrey L. Sklar, 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, Dan M. Offret, Richard Sarti, and Judy Scrivener were present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – February 10, 2020 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Bill of Sale Rancho Despoblado, Lots 1-9 (M-19-009)**

Mr. Offret moved to approve the consent agenda. Mr. Sarti seconded the motion. Motion passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Mr. Olsen stated that the Fiscal Year 2020 combined consumption compared to last fiscal year-to-date is 5.7% higher and is slightly lower than the 6% reported last month.

District staff have submitted a report to Arizona Department of Water Resources (ADWR) requesting a director's modification to the current permit for new water measuring infrastructure at Avra Valley Recharge Project (AVRP). This would replace the current weir with a meter. The current plan is to accomplish the new metering infrastructure at AVRP in Fiscal Year 2021 and accomplish the remaining upgrades in a subsequent fiscal year.

Mr. Shepard stated that District staff continue to work with fire jurisdictions to address various hydrant issues. Most of the hydrants that were repaired this month were either difficult to turn or were stuck. Electrical staff found a loose connection on the well pump at New Linda Vista. Temperature photos were displayed to show the three phases of an electric pump. In the photo, the third phase stood out as being warmer than the others. Staff repaired the loose connection and the post-repair photo shows the three phases now all have consistent temperature. When one of the electrical connections uses more resistance, it builds up more heat, which can cause failure in the wiring. Electrical staff will be attending additional thermography training to enhance this tool for preventative maintenance. Staff pulled the Diablo Village booster #1 for repairs and the Oracle Jaynes booster #2 is currently being serviced due to noise related to the bearings. The Marlene well pump was reinstalled and start-up will be tomorrow to return the well to service.

Ms. Bowen stated that the confirmation sampling for the exploratory wells for the Northwest Recharge, Recovery, and Delivery System (NWRRDS) were completed and the verification results were consistent with previous composite samples. There were some differing water quality results when the AVEX-03 exploratory well was drilled and resampling was performed. Staff met with the highest ranked consultant to discuss expectations and scoping for the final design for the transmission main and forebay. The draft scope has been received and is being reviewed by District staff and the Partners. The goal is to get the final comments returned and to have design completed this calendar year to keep the project moving forward. The consultant completed the draft specifications on the recovery wells, which was reviewed by District staff and the Partners. The specifications for drilling the recovery wells are being finalized.

Staff is met with BKW regarding the discharge of the water that comes from the wells during drilling. The consultants have gone through a couple iterations of design, which is anticipated to be completed in advance of the recovery wells drilling. For the clearing and grubbing activities, both the Department of Agriculture and the Town of Marana gave the okay to clear the land. Staff, with the help of the Tucson Cactus and Succulent Society, made a good faith effort at no cost to the District to transplant some barrel cacti out of the way of future well activities. Each cactus was replanted outside the planned clearing areas. Staff are continuing coordination efforts with Trico to provide electricity to the well sites and forebay. During the last meeting, Trico identified where they will be bringing the power from and staff is working on applicable planning for the future facilities.

Mr. Sklar stated that as reported at the last meeting, the property owner in the condemnation litigation has filed a motion asking the court to delay the trial date until after the construction plans for the improvement in that area had been prepared to a greater degree. We filled opposition to that motion and the judge had a hearing on March 2, 2020. The judge granted the motion and the trial date has now been postponed until the middle of 2021. The next hearing in the case will be the end of June 29, 2020 where the judge will be advised on the status the design plans.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for January are both favorable when compared to a straight-line projection with revenue \$1,108,875 over budget and expenditures \$429,473 under budget. The revenue in excess of expenditures is favorable by \$1,538,348. When comparing the total revenue to the prior fiscal year, revenue in January is 9.62% or \$1,270,596 higher than it was in January 2019. The January metered water revenue is 6.72% or \$697,593 higher than the prior fiscal year. The total operating expenditures for January are \$522,249 higher than they were in January 2019. When comparing revenue in excess of operating expenditures the current year is favorable by \$748,347. The February cash deposit balance was \$13,117,621.21, which is \$422,958.64 higher than the January balance. The investment balance as of the end of February was \$11,099,456.99, which is \$313,395.88 higher than the January balance.

The Arizona State Treasurer Pooled Collateral Program Statement for January provided collateralization coverage of \$5,350,851.49 in addition to the \$250,000 FDIC coverage.

The Capital One Bank MasterCard were used to purchase \$45,884.76 on the February statement with up to 1.25% cash back earnings. The cash back amount received from transactions processed in January was \$558.70 or 1.14% with an inception-to-date cash back total of \$8,270.70.

Twenty-six new meter applications were received in February with 22-meter applications for the Metro Main service area and 4-meter applications for the Metro Southwest service area. There were 32 new meter application received in February of the prior fiscal year. As of the end of February, 273 new meter applications have been received, with 221 applications received by the end of February 2019.

C. Approval of Insurance for Workers' Compensation Coverage

Mr. Olsen stated that the District carries workers' compensation insurance to cover employees in the event of an on-the-job injury. The District's insurance broker, Crest Insurance, pursued several options this year for workers' compensation insurance though most carriers declined to provide a quote as they would not be competitive with the District's current provider, CopperPoint Casualty Insurance. CopperPoint has quoted a slight increase of \$119 or about 0.1% over current workers' compensation premiums to provide this coverage for the District. It is recommended that the Board approve the workers' compensation coverage with CopperPoint.

Mr. Sarti moved to approve the workers' compensation policy with CopperPoint Casualty Insurance Company for a coverage period of April 1, 2020 to March 31, 2021 at the amount of \$112,632. Mr. Foulk seconded the motion. Motion passed unanimously.

D. Authorizing the Use of Miscellaneous Water Resources Consulting Services for the Preparation of Application for SOC and IOC Monitoring Waivers

Mr. Olsen stated that among the numerous water quality constituents the District monitors are two categories: inorganic chemicals (IOC) and synthetic organic chemicals (SOC). The Arizona Department of Environmental Quality (ADEQ) has the authority to provide a waiver in the frequency that these constituents are sampled. As IOC and SOC tests are costly, these waivers are intended to reduce the frequency of IOC and SOC testing in areas with a low chance for these contaminants to be detected based on an analytical review of historical water quality tests and proximity to potential contamination sources.

The District was approved a waiver in 2017 for these constituents but these waivers must be updated every three years. It is recommended that the District's miscellaneous water resources consultant, Clear Creek Associates, prepare the waiver packages as they prepared the same waivers in 2017 for the District. The cost for Clear Creek to accomplish this work is a not to exceed amount of \$17,200. The savings to the District if these waivers are approved is estimated at over \$89,000.

Mr. Offret moved to authorize utilizing the Miscellaneous Water Resources Consulting Services agreement with Clear Creek Associates for preparation of the application for SOC and IOC

Monitoring Waivers in an amount not to exceed \$17,200. Mr. Sarti seconded the motion. Motion passed unanimously.

E. Northwest Recharge, Recovery, and Delivery System Authorizing a Non-Exclusive Access Easement to BKW Farms, Inc.

Mr. Olsen stated that in January 2018, the District acquired property rights from the Town of Marana to provide access to future NWRD facilities. These property rights included an access easement from the existing Airport Road and the District property. For nearly two decades, District staff have accessed the Avra Valley Recharge Project (AVRP) via BKW maintained roads. Also, BKW has performed maintenance on AVRP including basin maintenance and water levels. Subsequent to the acquisition of these property rights from Marana, staff realized the benefit to both the District and BKW if BKW were allowed to utilize the easement to access District property as an alternative route. To facilitate this, Marana suggested the District release the easement and that Marana convert the area to right-of-way. In January of this year, the Board approved the conditional release of the District's access easement and on March 3, 2020 the Marana Town Council approved conversion of this land to public right-of-way. It is recommended that the District grant a non-exclusive access easement for BKW across property owned by the District.

Mr. Foulk moved to authorize the General Manager to negotiate and grant a non-exclusive easement for access to BKW Farms, Inc. Mr. Sarti seconded the motion. Motion passed unanimously.

F. Authorizing the Use of Miscellaneous Design Services for Environmental, Cultural Resources and Survey Services for Metro-Only Portions of Northwest Recharge, Recovery and Delivery System

Mr. Olsen stated that while District staff are completing portions of the Metro-Only NWRD, to include over 4-miles of recovery pipeline, a gap analysis has identified areas where environmental, cultural resources, and survey services are needed to complete the design. It is recommended that the Board authorize use of the District's Miscellaneous Design Services agreement with Westland Resources, Inc. to accomplish these tasks in a not to exceed amount of \$53,428.

Mr. Sarti moved to authorize utilizing the Miscellaneous Design Services agreement with WestLand Resources, Inc., to perform environmental, cultural resources, and survey services in an amount not to exceed \$53,428 and to authorize the General Manager to increase the scope and fee by \$5,000, if necessary, to accommodate unforeseen conditions. Mr. Offret seconded the motion. Motion passed unanimously.

VI. General Manager's Report

Mr. Olsen provided an update of House Bill 2880 regarding certificates of assured water supply in Pinal Active Management Areas (AMA). In partnering with Arizona Municipal Water Users Association (AMWUA) and Southern Arizona Water Users Association (SAWUA), District staff hopes to modify this bill to also include other AMAs as they would also benefit from the provisions of not having to re-prove groundwater availability every 10 years. This bill passed out of the House on a 32-28 vote and while the bill does not apply to other AMAs, the bill was subject to an additional amendment offered by Representative Osborne based on the request from the water community. The amendment added a legislative intent clause indicating that by limiting this act to the Pinal Active Management Area (AMA), the Legislature does not intend to affect ADWR's authority to revise Assured Water Supply Rules to apply this act's changes to other AMAs.

Since May 2018, there have been 39 failures in the system. Twenty-eight were asbestos cement (AC) pipe, seven were PVC, four were other materials and none were ductile iron. Staff is developing a new engineering directive to require that developer funded and Capital Improvement Program (CIP) projects use ductile iron pipe, due to longevity, durability, and lower life cycle cost as proven with NWRDRS studies.

There is currently only one employee vacancy, the Civil Engineer / Senior Engineering Associate position, and staff plans to advertise this position later this spring.

VII. Legal Counsel's Report

Mr. Sklar said he had nothing to report.

VIII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board Meeting will be held on April 13, 2020.

Ms. Fedele provided an update on the following bills:

House Bill 2213 and Senate Bill 1281 relating to the Water Quality Assurance Revolving Fund (WQARF); has either not be scheduled for a committee or has not passed beyond a committee.

House Bill 2554 and Senate Bill 1633 relating to drinking water standards; has either not be scheduled for a committee or has not passed beyond the committee.

House Bill 2618 relating to the continuation of department of water resources to July 1, 2028 has passed in the House and is currently in Senate Committees. While Senate Bill 1494, also relating to the Department of Water Resources continuation has passed in the Senate and is currently in House Committees.

Senate Bill 1042 relating to security plans discussed in executive sessions has passed 30-0 in the Senate and is currently in the House Committees.

Senate Bill 1133 relating to public works, contracts, and payment has passed in the Senate and is currently in the House Committees.

Staff will continue to monitor proposed legislation and will update the Board on items that might impact the District.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:29 p.m.

Judy Scrivener, Chair of the Board

Theo Fedele, Clerk of the Board