

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

**MONDAY, JUNE 14, 2021**

**\*\*BOARD 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 (Participated Electronically)  
Bryan Foulk, Member (Participated Electronically)  
Lee Jacobs, Member

**District Staff:** Joseph Olsen, General Manager  
Sheila Bowen, District Engineer (Participated Electronically)  
Shane Oman, Financial Controls Supervisor (Participated Electronically)  
Steve Shepard, Utility Superintendent (Participated Electronically)  
Theo Fedele, Clerk of the Board  
Mark Patton, Legal Counsel (Participated Electronically)

**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, Lee, Jacobs, 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 – May 10, 2021 Public Rate Hearing**
- B. Approval of Minutes – May 10, 2021 Board Meeting**
- C. Ratification of Billing Adjustments**
- D. Ratification of Bill of Sale for Waterline Extension to 1810 W. Birch Way (M-20-014)**

Mr. Sarti moved to approve the consent agenda. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

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

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

Mr. Olsen stated that the Fiscal Year 2021 consumption compared to last fiscal year-to-date continues to trend higher with consumption averaging 9.8% higher among all service areas.

As of the end of April, 3,547 acre-feet (AF) of the District's Central Arizona Project (CAP) order has been delivered to Groundwater Savings Facilities (GSF) with the remainder of the District's order planned for storage at GSFs by the end of the calendar year. Deliveries of the City of Phoenix's 3,500 AF of inter-AMA firming will be stored at the District's Avra Valley Recharge Project (AVRP) starting in July.

The Arizona Department of Water Resources (ADWR) has approved a modified designation of assured water supply for Metro Main which removes the requirement for membership with Central Arizona Groundwater Replenishment District (CAGR) as a Member Service Area. This will be further discussed in a subsequent agenda item.

The updated water resource portfolio was provided in the Monthly Status of the District Board Report. As of the end of calendar year 2020, the District's water resource portfolio includes 122,610 AF of groundwater, 43,249 AF of CAP long-term storage credits, and 5,302 AF of effluent long-term storage credits. This is in addition to the District's annual allocation of 13,460 AF of CAP M&I priority water and up to 1,048 AF annually of remediated water from the South Shannon Treatment Facility. The current water resource portfolio has a 2020 asset value of \$9.4 million.

Mr. Shepard provided an update on noteworthy maintenance projects. Safety features were added to the E&T22 25,000 gallon tank including a safety rail and the contractor completed the internal recoat of the tank. The internal recoat of South Magee La Cholla tank was also completed by the contractor. The Thornydale well motor was pulled due to a failure. The vendor completed ARC flash analysis for Alcott and staff collected Diablo Village #2 data for ARC flash analysis. The contractor completed Escondido well liner and equipment installation.

Mr. Patton provided an update regarding the condemnation item.

Ms. Olsen provided an update on the District's Capital Improvement Program (CIP) including the Northwest Recharge, Recovery, and Delivery System (NWRDRS) Project, the Metro-only portion of the project, and the Oracle Road Project.

## **B. Financial Report**

Mr. Oman stated that both revenue and expenditures for April are favorable using a straight-line projection. Revenue is over budget by \$2,741,390 and expenditures are under budget by \$1,467,511. Revenue in excess of expenditures is favorable by \$4,208,901. Total revenue through April was 7.07%, or \$1,423,327, higher compared to the total revenue through April in the prior fiscal year. The Metered Water Revenue is 8.27%, or \$1,245,255, higher than the prior fiscal year. The Metro Main service area was 7.78% higher, the Metro Hub service area was 12.21% higher, and the Metro Southwest service areas were 9.56% higher. Through April, the District has billed 91.7% of budgeted water revenue, compared to a historic average of 81%. The fiscal year operating expenditures through April were \$115,382 higher than they were in the same period in the prior fiscal year. The May cash deposit balance is \$22,428,619.45, which is \$1,191,195.70 higher than the April balance. The investments as of the end of May totaled \$11,254,560.41, which is \$265,719.84 lower than the April balance.

The Arizona State Treasurer Pooled Collateral for April includes \$10,902,187.42 of cash on deposit with collateralization coverage of \$10,610,231.17 in addition to the \$500,000 FDIC coverage.

On the May Capital One MasterCard statement, the District purchased \$46,815.81 in goods and services and received up to 1.25% cash back for purchases. The cash back from transactions processed in April totaled \$369.17 or 1.08% of the purchases. The inception-to-date cash back received is \$14,330.53.

In May, 94 new meter applications were received, compared to 36 in May of the prior fiscal year. Of these 94 applications, 36 were for the Metro Main service area, 22 were for Hub and 36 were for Southwest. Through May, 573 meter applications have been received this fiscal year, compared to 378 applications at the same time in the prior fiscal year.

The District's COVID payment plan program is a successful way to work with customers to get their accounts paid in full. Currently, only eight customers remain to be billed with a total balance of \$1,485.39.

## **C. Resolution 2021-4 – Terminating the District's Member Service Area Status in the Central Arizona Groundwater Replenishment District for Metro Main**

Mr. Olsen stated that in October 2019, the Board authorized Resolution 2019-7 authorizing the General Manager to submit a de-enrollment application for Metro Main to CAGR. The two primary reasons this resolution was requested were because the District possesses sufficient water resources for Metro Main without needing CAGR and that the membership fees for CAGR have increased over the years with the current annual membership for Metro Main exceeding \$40,000. As the District's diverse portfolio of renewable resources is sufficient to meet Metro Main's projected demands for the 100-year assured water supply, it would not be financially efficient for ratepayers to fund CAGR membership when such replenishment water is not anticipated in the 100-year planning horizon. To clarify, this effort is only to de-enroll Metro Main from CAGR as the Metro Southwest Diablo Village service area and the Metro West service area would remain enrolled in CAGR.

To accomplish this de-enrollment, staff worked with ADWR to seek approval for a modified Designation of Assured Water Supply (DAWS), which shows adequate renewable water resources without CAGR membership. The next step is for the Board to approve this proposed resolution to terminate Metro Main's Member Service Area status with CAGR. This resolution would then be posted in the Daily Territorial and if no substantial comments are received, the Board would then be asked to approve a Member Service Area revocation agreement at the July Board Meeting. The revocation agreement would then go to the Central Arizona Water Conservation District (CAWCD) Board to formalize the de-enrollment. Concurrence from CAGR staff has been received that if this de-enrollment is completed on the current anticipated timelines then the District would not have to pay CAGR membership fees for calendar year 2021.

Mr. Sarti moved to approve Resolution 2021-4 terminating the District's Member Service Area status in the Central Arizona Groundwater Replenishment District. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

**D. Approval of Acquisition Agreement for Lattamore Well Site and Associated On-Site Infrastructure**

Mr. Olsen stated that the District discontinued potable use of the Lattamore North well in 1997 as a precaution due to high nitrate samples. The Lattamore site also includes the Lattamore South well which was used regularly until 2014. In 2014, the South Shannon well was reconfigured to pump directly to the Deconcini reservoir to ensure that emerging contaminants were blended to below the health advisory level. This configuration prevented Lattamore South from pumping into the Deconcini reservoir. From 2014 to 2017, the Lattamore South well was infrequently used when the South Shannon well was offline and has not been used to serve District potable demand since 2017.

In 2000, a lease agreement was made with Pima County to provide non-potable water from the Lattamore North well to irrigate nearby soccer fields as opposed to having to rely on potable water for irrigation. As part of this agreement, the County paid for various infrastructure improvements on the Lattamore site. In 2010, this agreement was extended through June 7, 2021 and the County paid \$1.50 per 1,000 gallons to cover operational costs. As the well infrastructure is aging to the point that extensive investments to the Lattamore North and South wells are increasingly likely in the relatively near future, and that this site only provides irrigation water for the County, the District informed the County earlier this year of the intent not to renew this agreement.

Over the past six months, the District has been working with County staff to determine a mutually agreeable solution to their irrigation needs while not having ratepayers responsible for potentially high infrastructure repair costs on a production facility that does not provide potable water. A solution was to sell the Lattamore site, including the onsite infrastructure, to the County for their operation. The infrastructure would be sold “as-is” without any implied warranty. This would also remove a potential financial burden from ratepayers on future infrastructure repair costs on the site.

The appraised cost of the Lattamore site was \$146,000 however the majority of the value was driven by the onsite infrastructure. Given the County’s previous investment in the on-site infrastructure, the amount of District investments on the site since 2000 was calculated to arrive a purchase price that would fully reimburse ratepayers for these investments. These infrastructure investments total \$97,337.47 and was deemed a justifiable purchase price by both parties.

The lease agreement expired last week but was extended to enable continued irrigation deliveries while the acquisition agreement is considered by the respective governing bodies and proceeds through the closing process. Should the property sale not be completed, then the lease agreement would terminate.

It is recommended that the Board approve this acquisition agreement with the County as the District’s Lattamore infrastructure investments over the past 20 years will be reimbursed, the County will be able to continue the use of non-potable water for irrigation instead of having to switch to a potable source, and this reduces an on-going maintenance cost and potential infrastructure recapitalization cost going forward.

Mr. Jacobs moved to approve the acquisition agreement to sell the Lattamore well site and associated on-site infrastructure to Pima County in the amount of \$97,337.47. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

**E. Approval of Consultant Selection and Authorizing the General Manager to Negotiate a Professional Services Agreement for Miscellaneous Geotechnical and Material Testing**

Mr. Olsen stated that the District has utilized the services of qualified consulting firms to provide specialized as-needed support since 1993. In May, the District solicited statements of qualifications (SOQs) for miscellaneous geotechnical and material testing to support the District's needs. Four SOQs were received and were evaluated by a three-person review committee. Based on the consolidated scores from the evaluation committee, it is recommended that the Board authorize a contract with Ninyo and Moore Geotechnical and Environmental Sciences Consultants, in an amount not to exceed \$25,000, to provide these services to the District.

Mr. Sarti moved to authorize the General Manager to negotiate and enter into a five-year contract with Ninyo & Moore Geotechnical and Environmental Sciences Consultants, for Miscellaneous Geotechnical and Material Testing in an amount not to exceed \$25,000 and to authorize the General Manager to negotiate and enter into a contract for these services with Western Technologies, Inc., in the event Ninyo & Moore Geotechnical and Environmental Sciences Consultants is unable or unwilling to perform. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

#### **F. Approval and Award of the Well Maintenance 2021 Contract**

Mr. Olsen stated that the District has 36 active wells that require regular proactive maintenance and may require emergency work to ensure continued operation to meet District resident's water demand. Four contractors submitted bids to provide well maintenance support for Fiscal Year 2022 and staff recommends Smyth Industries Inc. to be awarded the contract based on their overall low bid on four of the five categories of wells when taking the percent mark-up on materials into account as seen on the bid tabulation page. Smyth has also performed the District's well maintenance for the past six years.

Mr. Jacobs moved to approve and award the Well Maintenance 2021 contract to Smyth Industries, Inc., in the amount not to exceed \$305,000 and that the contract be brought back to the board for approval each year for the term of the contract. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

#### **G. Approval of Quotes for Auxiliary Power Preventative Maintenance Service and On-Call Service Repairs**

Mr. Olsen stated that the District utilizes several natural gas backup generators to enable continuity of operations in key areas during a power outage. These generators require specialized proactive maintenance to ensure functionality when needed. Approval of these quotes will enable both scheduled maintenance and expeditious response in the case of equipment failures.

Mr. Sarti moved to approve the bids and pricing submitted for the Auxiliary Power Preventative Maintenance Service and On-Call Service Repairs for use in Fiscal Year 2022 from Empire Power Systems and Gen-Tech Power Generation Specialists and to direct staff to utilize the low bidder. If the low bidder is unable to perform the work, staff is directed to use the next lowest bidder. Mr. Jacobs seconded the motion. Motion passed unanimously.

#### **H. Approval of Quotes for Miscellaneous Annual Services and Material for the Utility Team**

Mr. Olsen stated that each year the Board is asked to approve quotes for various services and materials that the Utilities team relies on to ensure deliveries of safe reliable water to our customers. These quotes include chlorine purchases, rentals of traffic control devices, aggregate purchases, asphalt patching services, analytical services for coliform testing, and pump and motor repairs.

The Board is requested to approve these quotes and direct staff to use the lowest quote when possible.

Mr. Jacobs moved to approve the annual quotes for barricade rental, chlorine purchases, aggregate purchases, asphalt patching services, analytical services for coliform, and pump and motor repairs from the corresponding lowest bids per item as presented by staff, and to direct staff to use the next lowest bidder for a particular service or material if performance or quality of service from the lowest bidder does not meet the District's needs. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

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

Mr. Olsen stated that as reported during last month's General Manager's Report, two District employees with over 20 years of service have retired. The silver tidal wave of retirements continues this month as two more long-serving employees will retire over the next month.

Brian Smith, the Utility Supervisor for the Utility Customer Service crew, will be retiring after over 28 years of service to the District. His in-depth expertise of water line construction, heavy equipment operation, emergency infrastructure repair, and ability to coordinate meter reading activities will be missed.

Lucy Evans, the Accounting Specialist, will be retiring after over 21 years of service to the District. Her expertise in all elements of the accounts payable process, to include processing over a thousand

invoices and checks annually, coordinating Board Member signatures, and ensuring the correct general ledger account is used in each transaction will also be missed.

With the addition of the new 3-person preventative maintenance crew, the District now has six vacancies equivalent to roughly a ten percent vacancy rate. This is already taking into account the recent hiring of a new Hydrogeologist to replace a retirement reported last month. Over the past year, the majority of the time there was a zero percent vacancy rate. Of these current vacancies, five are in the Utility Technician II and I classification. Interviews for these positions will be held this week and staff are optimistic that these vacancies will be filled shortly. Staff are also exploring a temp agency to fulfill elements of the Accounting Specialist duties until after the end of the current Fiscal Year and the associated audit process is completed. At which point, Ms. Bracken and her team will have capacity to support the recruitment process.

While, the post-COVID retirement wave that the District has experienced is nothing unique in the industry, the District is implementing a multi-faceted plan to continue to have a team of highly qualified professionals to support the District mission.

**VII. Legal Counsel's Report**

Mr. Patton stated he had nothing to report.

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

The next regularly scheduled Board meeting will be held on July 12, 2021.

**IX. General Comments from the Public**

There were no comments from the public.

**X. Adjournment**

The meeting adjourned at 6:39 p.m.

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Judy Scrivener, Chair of the Board

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Theo Fedele, Clerk of the Board