

**Metropolitan Domestic Water Improvement District  
Board of Directors Meeting**

**September 12, 2016**

**Approval of Amendment No. 4 to Intergovernmental Service Agreement  
for Interim Remedial Action with Arizona Department of Environmental Quality  
for the South Shannon Treatment System**

**Synopsis**

The Board of Directors is requested to approve Amendment No. 4 to the Intergovernmental Service Agreement (IGA) between the Arizona Department of Environmental Quality (ADEQ) and Metropolitan Domestic Water Improvement District (District) regarding the Interim Remedial Action for the South Shannon Treatment System. This amendment provides the District reimbursement for anticipated treatment system operation and maintenance (O&M) expenses in each Fiscal Year (FY) from FY2017 through FY2020.

**Background**

The 5-Year IGA approved by the Board of Directors on June 8, 2015 allows the District to recover monthly costs for the O&M expenses at the South Shannon Treatment System. Amendment No. 1 increased the contract amount by \$20,000.00 for a granular activated carbon change out in November 2015. Likewise, Amendment No. 2 increased the contract amount by \$20,000.00 for a February 2016 granular activated carbon change out. ADEQ has reimbursed the District for these amounts. The purpose of Amendment No. 3 was to increase by \$4,231.33 above the original contract amount for the District to fully capture FY2016 operation and maintenance expenses.

The District Board of Directors historically has had to annually approve a contract amendment after July 1<sup>st</sup> for reimbursement each fiscal year with ADEQ. The IGA does not require annual approval for the duration because the expiration date is June 30, 2020. Since actual costs for FY2016 were greater than the original contract amount, District staff worked with ADEQ to amend the agreement for operation and maintenance expenses in FY2017. During these discussions, ADEQ wanted to minimize the number of contract amendments and asked the District to also develop annual O&M budgets for FY2018 through FY2020.

**Issues**

Amendment No. 4 provides the annual O&M budget for FY2017 through FY2020. For the O&M budgets, District staff incorporated annual increases to personnel costs, higher energy usage because of increased pumpage volumes, and a contingency in laboratory expenses. Higher O&M budgets in

FY2018 through FY2020 were due to addition of Utility Team staff time for completing granular activated carbon change outs, backwash operations and monthly inspections/meter reads and a large number of work hours by the Water Quality Specialist. Details on the budget assumptions can be found in the attached documentation letters sent by the District to ADEQ.

**Recommendation**

Staff recommends that the Board of Directors approve Amendment No. 4 to the Intergovernmental Services Agreement for Interim Remedial Action at the South Shannon Treatment Facility between the Arizona Department of Environmental Quality (ADEQ) and the Metropolitan Domestic Water Improvement District with a contract amount of \$46,327 for Fiscal Year 2017, \$54,166 for Fiscal Year 2018, \$55,888 for Fiscal Year 2019, and \$57,719 for Fiscal Year 2020.

**Suggested Motions**

I move to approve Amendment No. 4 to the Intergovernmental Services Agreement for Interim Remedial Action at the South Shannon Treatment Facility between the Arizona Department of Environmental Quality and the Metropolitan Domestic Water Improvement District with a contract amount of \$46,327 for Fiscal Year 2017, \$54,166 for Fiscal Year 2018, \$55,888 for Fiscal Year 2019, and \$57,719 for Fiscal Year 2020.

Respectfully Submitted,

Michael Block  
Water Resources Manager

I concur with this recommendation.

Respectfully submitted,

Joseph Olsen, P.E.  
General Manager