

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

April 25, 2011

**** Board Room ****

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

MINUTES

Board Members Present: Bryan Foulk, Chair
Jim Doyle, Member
Judy Scrivener, Member

Board Members Not Present: Dan M. Offret, Vice-Chair
Helen Ireland, Member

District Staff: Mark R. Stratton, General Manager
Christopher W. Hill, Deputy General Manager
Charlie Maish, District Engineer
Warren Tenney, Clerk of the Board
Tullie Noltin, Recorder

Regular Session

I. Call to Order and Roll Call

Bryan Foulk, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Study Session to order at 5:30 p.m. Bryan Foulk, Jim Doyle, and Judy Scrivener were present. Dan M. Offret and Helen Ireland were not present.

II. General Comments from the Public

There were no comments from the public.

III. Discussion of Draft Fiscal Year 2011-2012 Budget.

Mr. Stratton said the study session would focus on the capital items and projects. The Division Managers have identified their needs and the District is where staff had hoped it would be. The information on the capital items were also provided to the Finance Oversight Committee (FOC)

last week. Mr. Stratton said he spoke with Mr. Offret earlier and would convey his comments later in the meeting.

Mr. Land went over the capital budget summary sheet. Specific capital request justifications were provided as part of the FOC packets last week. Capital equipment totals \$129,100 which is double last year's amount. Last year was very lean and this is closer to normal figures. Capital projects amount to \$745,000, whereas last year \$485,000 was budgeted with a list of unfunded items.

Mr. Land said the Hydrology Division is requesting two water level transducers at \$4,000 apiece. Mr. Stratton said these are to be installed in wells no longer in production to show changes in water levels and the draw-down effect of pumping nearby wells. Mike Block, District Hydrologist, reported the District currently has 8 transducers.

Mr. Land talked about the need for new carpet and flooring in the hallway. The building was constructed in May 1999 and the Board room carpet is showing wear and stains due to the large number of meetings and functions over the years. Carpet squares have been suggested and several people have been pleased with how that type of flooring looks in other facilities they have visited. For the hallway area, wood flooring or carpet squares would require less maintenance than the current flooring and the costs are comparable.

Mr. Land talked about the air conditioning (AC) units and evaporative coolers requested. One of the evaporative coolers over the warehouse has been repaired several times and makes a lot of noise. There have been discussions of modifying roof access to improve safety but there are concerns about leakage if a hole is cut in the roof.

Mr. Land said the Engineering Division has requested a handheld GPS unit. Mr. Foulk said he noted concerns about cost for this item in the FOC minutes. He said he appreciates being able to read the FOC minutes because they come up with good questions.

Mr. Hill talked about the requested portable pipe freezer. The device uses CO₂ gas to freeze a six inch section of ½" to 2" pipe to allow for small repairs. It can be used on plastic, galvanized or copper pipe and is a great alternative to crimping, which only works on copper tubing. This is a versatile, cost effective tool that would not affect the integrity of the pipe the way crimping does.

Mr. Hill talked about the need for an infrared camera to prevent electrical failures. The camera provides a snapshot so that hotspots can be identified in electrical panels, motors, pumps, and fittings. This is a multi-use tool that had been proposed several years ago at a cost of \$10,000 but the cost has come down significantly. Mr. Foulk asked if the camera would work in the hottest part of the day and Mr. Hill said yes, it will work anytime.

Mr. Hill talked about the truck-mounted vacuum unit. Crews use the vacuum at main breaks instead of a backhoe and it has been a heavily used worthwhile expenditure. The current vacuum would be remounted on its original trailer and used as a backup.

Mr. Land said the four replacement vehicles were identified through the matrix that Mr. Hill maintains. Mr. Foulk said he had read about the sealed bid process for selling old vehicles in the FOC minutes and liked that there was no cost to the District. Mr. Land said staff had looked into auctioning vehicles in the past but it was more costly than the vehicles themselves.

Mr. Land talked about the request to continue funding the Northwest CAP (NWCAP) water system planning and design for \$150,000. Mr. Stratton said the NWCAP partners are looking at how best to fund this program so that there is a minimal impact on rates. Hiring a financial consultant to investigate funding options and opportunities would help reach a conclusion on how to finance this multi-million dollar endeavor. Mr. Stratton said even though this is a cost sharing endeavor between the District and the Towns of Marana and Oro Valley, partners would still need to come up with a substantial portion of about \$40-50 million apiece.

Mr. Land said the Matter Well capital expense covers land acquisition and unreimbursed costs associated with the relocation. Mr. Stratton will speak at the neighborhood association meeting tomorrow night about a preferred property. This item is a carryover from the current budget because the District will not be able to get it done this year.

Mr. Land talked about the office parking lot expansion due to the Pima County RTA road realignment. The office entrance will be moved further north to line up with the street on the east side of La Cañada. Additional parking spaces will be added to accommodate the large number of visitors to the District during training sessions and meetings.

Mr. Maish talked about his request for the Pantano Road Transmission Main design in the Metro Hub area. This would convey water to and from the Metro Hub storage facility, which is currently a small diameter 6" pipe. Storage expansion is planned for the area. Mr. Foulk asked if the Metro Hub area is experiencing any growth. Mr. Maish explained this expansion addresses efficiency concerns and increases storage needs the District recognized awhile ago. Mr. Stratton explained the wells in the area currently compete for the capacity and these improvements would allow better flow and cost-effective operation. Mr. Foulk inquired about the total cost of the improvements. Mr. Maish said the project would come to about \$1 million.

Mr. Hill explained the request for a pressure tank replacement. The District has been replacing one pressure tank per year as part of the pressure tank replacement program. A few years ago an insurance provider tested the thickness of District pressure tanks and found some were not as

thick as they needed to be. Mr. Doyle asked if the pressure tanks are tested regularly, and Mr. Hill said they are repaired as needed.

Mr. Hill talked about the request for \$30,000 for a variable frequency drive at Wanda Well. The pump currently runs against a pressure reducing valve, and the change would increase efficiency and cost-effectiveness.

Mr. Hill said the DV#1-DV#2 Interconnection would provide redundancy between the two wells in Metro Southwest Diablo Village and also provide a sewer hookup for the office trailer. The original estimate was \$15,000 to be completed in-house but that figure has been increased to \$75,000 for contracted work for various reasons.

Mr. Land noted that on the budget summary, the bottom ending fund balance is an improvement over last year. Water sales have stepped up, in part due to the rate increase and tier structure change, but there has also been an increase in usage last couple months. The budget is being adjusted monthly as data comes in.

Mr. Land said the Arizona State Retirement System (ASRS) line item had been adjusted to reflect the new employer contribution of 47%. He also noted an updated figure for workers compensation that is the result of lower rates and improved claims ratios in the waterworks industry. The District is in a fairly healthy position compared to last year.

Mr. Foulk asked if increased revenues are more the result of the rate increase or an increase in water sales volumes. Mr. Land said the majority is probably due to the rate increase. Mr. Foulk said he was not positive the increased water flow would continue. Mr. Land noted the budget figures are based on a conservative view of operating revenue streams.

Mr. Stratton said that Mr. Offret had discussed his concerns about not having an active meter replacement program in the Metro Hub service area. Many meters there are aging and inaccurate. Some meters have had to be replaced over time for other reasons and there are meters out there that are far past their expected lifespan. Staff has been having ongoing discussions about automatic meter reads (AMR) meters. Upgrading Metro Hub meters to AMRs would allow drive by readings and save staff time as well as improve upon the accuracy. Mr. Hill did a preliminary estimation on costs and found that it would cost about \$232,000 done in-house and \$296,000 if contracted. Standard meter replacements would only cost the District about \$53,000 in-house, or \$117,000 contracted. Mr. Foulk asked how much the District could expect to gain in revenues based on accurate readings. Mr. Hill estimated payback timeframes of 1.6 yrs/in-house or 3.5 yrs/contracted for standard meters, and 7 yrs/in-house or 8.9 yrs/contracted for AMRs. Mr. Land said the first series of AMRs in Metro Main had a 10 year battery life and have failed almost exactly at the ten year mark. Mr. Hill added it is possible to extend the life and regain the

accuracy of AMRs inexpensively by replacing batteries and internal assemblies when they reach the 1.5 million gallon point. Mr. Land said there are a number of customers in Metro Hub who go through 1.5 million gallons in only 2-3 years. Mr. Hill said there is a proposal in process for a fixed base network for the Metro Southwest area and Metro Hub could be next. He recommended that any meters replaced should be AMRs. Mr. Land said that the current budget contains \$45,000 in unspent funds for meter replacements that could be used to purchase AMRs in anticipation of future replacements. Mr. Doyle expressed his agreement. Mr. Foulk supported the idea of pre-purchasing meters while the District is in a good financial position.

Mr. Stratton said staff would refine the numbers and bring the meter replacement program back to the Board for the May meeting. He reiterated that some items were put off in previous years but the current budget proposal does not include an unfunded capital list. Staff has not re-examined or prioritized the old unfunded list. The current proposal is fairly complete and adding on more capital projects may be difficult from a manpower standpoint.

IV. Approval of Resolution 2011-1 – WaterSMART Grant Financial Assistance for Northwest Water Providers Recovery of Recharged Water Demonstration Project.

Ms. Scrivener made a motion to approve Resolution 2011-1, which is required as part of the submittal for a Water SMART Grant, to demonstrate the District's commitment to the financial and legal obligations associated with the grant. Mr. Doyle seconded the motion. Motion passed unanimously.

V. Approval of Reimbursement Agreement with HSL Construction Services LLC for Concrete Block Wall at Riverside Well Site.

Ms. Scrivener made a motion to approve the Letter Agreement with HSL Construction Services LLC for the reimbursement of costs associated with the construction of a concrete block wall around the Riverside Well Site. Mr. Doyle seconded the motion.

Ms. Scrivener said the report refers to the cost per linear foot but does not give the total linear feet. Mr. Maish said the wall is close to 500 feet long.

Motion passed unanimously.

VI. General Manager Update.

Mr. Stratton talked about the status of the Matter Well replacement. Mr. Stratton will be attending the La Cañada Magee Neighborhood Association to discuss the southeast corner of

Magee La Cholla intersection. Mr. Stratton and Gary Burchard, District Hydrogeologist, had a conversation about the location with one of the homeowners and seemed to have satisfied her questions. Priscilla Cornelio, Director of Pima County Department of Transportation, is aware of the possible location choice and is preparing her staff to cooperate with District staff for a quick turnaround to get started.

Mr. Stratton said the construction comments finally came back on the La Cañada South project. County staff had the plans for more than three weeks. The County is preparing to start their bid process but the District has been unable to start our bid process due to County delays. Magee Phase 2 plans were expected today but Mr. Stratton was hopeful that the turnaround seems to be improving.

Mr. Stratton and Mr. Tenney will be in Payson, Arizona for the AMULI conference, sponsored by HDR Engineering, to talk about various statewide water issues. Next week will be the AZ Water Association conference, which a number of staff and Ms. Scrivener will attend.

Mr. Tenney said staff is working to get the annual water quality reports (CCRs) distributed to customers as the Environmental Protection Agency (EPA) requires.

VII. Adjournment.

Mr. Foulk made a motion to adjourn. The meeting adjourned at 6:14 p.m.

Bryan Foulk, Chair of the Board

Warren Tenney, Clerk of the Board