

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

February 10, 2014

**Amendment of Interim Remedial Action Contract between the Arizona Department of
Environmental Quality and the District for the South Shannon Treatment System**

Synopsis

The Board of Directors is requested to approve an Amendment No. 26 to increase by \$44,250 the current Interim Remedial Action Contract for \$70,000 with the Arizona Department of Environmental Quality (ADEQ) on the District's treatment system at the South Shannon Facility. The contract reimburses the District for operation and maintenance expenses. It expires on June 30, 2014.

Background

State legislation was passed in 1996 to enhance the State's Superfund clean-up program. The program budget has an annual legislative cap of up to \$18 million dollars for clean up of groundwater and soil contamination sites. Since the program was not fully functional by late 1997, the District expended its own funds to install a wellhead aeration treatment system at South Shannon in June 1997. The treatment system was implemented to capture migrating volatile organic compounds (VOCs) in order to prevent the groundwater plume migrating to other District wells.

The Arizona Department of Environmental Quality (ADEQ), acting in part to the District's previous requests, designated the Shannon Road-Rillito Creek area as a State Superfund Site on April 23, 1999. Since that time, efforts by ADEQ have proceeded to determine the source and extent of the contamination. ADEQ was expected to complete its site investigation by June 30, 2009, but State budget problems have delayed the report. Two known drinking water supply wells bisected by Rillito Creek have been impacted by the VOCs in the groundwater. One is an inactive City of Tucson well and the other is Metro's South Shannon well.

Prior to the beginning of the superfund investigation, ADEQ informed District staff of our eligibility to seek reimbursement for operational and maintenance or improvement costs associated with the District's treatment system. The Board approved a reimbursement agreement (Interim Remedial Action Contract) with ADEQ which became effective since February 4, 2000.

As previously reported, VOC levels at South Shannon Well increased over time beyond the capacity of the aeration system. Rising concentrations reduced the effectiveness of the aeration system and its use was terminated in April 2004 until a new treatment system began operation in July 2006.

Issues

The Interim Remedial Action Contract allows the District to annually recover costs for the operational and maintenance (O&M) or improvement costs associated with treatment system. These expenses are generally paid quarterly to the District from ADEQ through the State Superfund Program, also called Water Quality Assurance Revolving Fund (WQARF). Past operation and maintenance expenses for the new treatment system can be found on Table 1.

Table 1 – Annual Operation and Maintenance Costs at South Shannon Groundwater Treatment System

Year	South Shannon						Total O&M Cost	Lbs of VOCs Removed	Cost Per 1000 Gal
	Pumpage (ac-ft)	Electric Costs	Personnel Costs	Lab Costs	GAC Replacement	Misc.			
2012	667.7	\$2,467.21	\$10,880.73	\$16,832.50	\$73,692.82		\$103,873.26	45.5	\$0.48
2011	578.2	\$3,447.24	\$10,546.81	\$21,333.75	\$72,628.77		\$107,956.57	30.2	\$0.57
2010	683.9	\$3,944.46	\$10,949.17	\$24,130.90	\$73,500.88		\$112,525.41	40	\$0.50
2009	642.2	\$3,595.94	\$10,925.72	\$23,793.10	\$77,419.61	\$0.00	\$116,376.57	40.5	\$0.56
2008	687.4	\$4,648.16	\$15,745.74	\$22,039.50	\$47,061.43	\$0.00	\$90,182.23	54.3	\$0.40
2007	598.6	\$3,095.95	\$12,015.73	\$18,742.80	\$76,398.75	\$75.34	\$110,927.17	38	\$0.57
2006	137.3	\$1,100.26	\$3,948.11	\$7,560.00	\$0.00	\$2,393.08	\$15,138.75	16.8	\$0.34
2005	0	\$0.00	\$416.89	\$644.40		\$0.00	\$1,061.29	0	---
2004	51	\$1,757.58	\$2,750.63	\$4,336.40		\$0.00	\$8,895.61	4.1	\$0.54
2003	182.1	\$9,656.72	\$10,605.61	\$14,547.50		\$0.00	\$34,991.93	12.4	\$0.59
2002	217.8	\$8,890.05	\$15,640.23	\$11,108.20		\$0.00	\$35,856.28	12.9	\$0.51
2001	184.9	\$7,429.41	\$12,422.90	\$6,139.00		\$0.00	\$26,176.21	8.5	\$0.43
2000	426	\$10,353.02	\$13,889.88	\$3,740.00		\$0.00	\$28,408.90	18.4	\$0.20
TOTALS	5,116	\$57,918.79	\$119,857.42	\$158,115.55	\$347,009.44	\$2,468.42	\$688,496.92	276.1	\$0.41

ADEQ is estimating \$114,250 for operations and maintenance (O&M) expenditures in FY 2013-14 based on their projected O&M cost of \$28,562.50 per quarter. However, ADEQ was only able to budget \$70,000 for FY2013-14 because of its commitments at Phoenix WQARF sites but promised to later amend the contract for the additional funds. This amendment is for increasing the contract amount by \$44,250 to \$114,250.

Recommendation

Staff recommends that the Board of Directors approve Amendment No. 26 for increasing the Interim Remedial Action contract amount by \$44,250 to \$114,250 at the South Shannon Facility between the Arizona Department of Environmental Quality (ADEQ) and the District.

Suggested Motion

I move to approve Amendment No. 26 to increase by \$44,250 to \$114,250 the Interim Remedial Action Contract at the South Shannon Facility between the Arizona Department of Environmental Quality and the District.

Respectfully Submitted,

Warren Tenney
Assistant General Manager

I concur with this recommendation.

Respectfully submitted,

Joseph Olsen, P.E.
General Manager