

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

April 8, 2013

**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. 23 for the District to reduce the budget for operations and maintenance reimbursement from the Interim Remedial Action Contract with the Arizona Department of Environmental Quality (ADEQ) on the District's treatment system at the South Shannon Facility. The reimbursement renewal period is from July 1, 2012 to June 30, 2013.

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. The 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 to the Board, the VOC levels at South Shannon Well increased over time beyond the capacity of the old treatment system. The rising concentrations reduced the effectiveness of the old treatment system and its use was terminated in April 2004 until the 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). The reimbursement renewal is from July 1, 2012 to June 30, 2013. Past operation and maintenance expenses for the new treatment system can be found on Table 1. The worse case operations and maintenance expenditures for FY2012/2013 total up to \$184,250 based on ADEQ's projected O&M cost of \$46,062.50 per quarter. Actual annual costs have been much lower as shown below. The greater budgeted O&M cost for FY12/13 was to cover the increase production by the Shannon treatment system resulting from Utility Division expanding the service area. However, production for the second half of FY12/13 is projected to lower because of well maintenance occurring at the South Shannon Well. The well was taken out of service in January and will not resume operation until early April. Therefore, ADEQ has asked to reduce the O&M budget by \$70,000, so the funds could be used to expedite clean up at other ADEQ WQARF Superfund sites.

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

Year	South Shannon Pumpage (ac-ft)	Electric Costs	Personnel Costs		GAC		Misc.	Total O&M Cost	Lbs of VOCs Removed	Cost Per 1000 Gal
			Costs	Lab Costs	Replacement					
2012	667.7	\$4,212.00	\$10,880.73	\$16,322.50	\$73,692.82		\$105,108.05	43.9	\$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	#DIV/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	

Recommendation

Staff recommends that the Board of Directors approve Amendment No. 23 for reducing the operations and maintenance budget by \$70,000 for the contract period from July 1, 2012 to June 30,

Board of Directors Meeting
April 8, 2013
Amendment of Reimbursement IRA Agreement with ADEQ
Page 2

2013 through the Interim Remedial Action Contract at the South Shannon Facility between the Arizona Department of Environmental Quality (ADEQ) and the Metropolitan Domestic Water Improvement District.

Suggested Motion

I move to approve Amendment No. 23 of the Interim Remedial Action Contract at the South Shannon Facility between the Arizona Department of Environmental Quality and the Metropolitan Domestic Water Improvement District to reduce the operations and maintenance budget for FY12/13 by \$70,000 to a contract total of \$114,250.

Respectfully submitted,

Warren Tenney
Assistant General Manager

I concur with staff's recommendation.

Respectfully submitted,

Mark R. Stratton, P.E.
General Manager