

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

MONDAY, JUNE 11, 2018

****BOARD CONFERENCE ROOM**
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT
6265 N. LA CAÑADA DRIVE
TUCSON, ARIZONA 85704**

MINUTES

Board Members Present: Judy Scrivener, Chair
Bryan Foulk, Vice-Chair
Jim Doyle, Member
Dan M. Offret, Member

Board Members Not Present: Helen Ireland, Member

District Staff: Joseph Olsen, General Manager
Sheila Bowen, Deputy General Manager / District Engineer
Steve Shepard, Utility Superintendent
Theo Fedele, Clerk of the Board
Jeffrey L. Sklar, Legal Counsel

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, Dan M. Offret and Judy Scrivener were present. Helen Ireland was not present.

II. General Comments from the Public

There were no comments by the public.

III. Consent Agenda

- A. Approval of Minutes – May 14, 2018 Public Rate Hearing**
- B. Approval of Minutes – May 14, 2018 Board Meeting**
- C. Ratification of Billing Adjustments**
- D. Approval of Amendment No. 1 to Miscellaneous Water Resources Consulting Services Contract**
- E. Approval of Amendment No. 1 for the Analytical Laboratory Services Contract for Inorganic Chemical (IOC) Analyses**

- F. Approval of Amendment No. 1 for the Analytical Laboratory Services Contract for Volatile Organic Chemical (VOC), Total Trihalomethane (TTHM), and Haloacetic Acid (HAA5) Analyses**
- G. Approval of Amendment No. 1 for the Analytical Laboratory Services Contract for Unregulated Contaminant Monitoring Rule (UCMR) Analyses**
- H. Approval of Amendment No. 1 for Analytical Laboratory Services Contract for Synthetic Organic Chemical (SOC) Analyses**
- I. Approval of Amendment No. 1 for the Analytical Laboratory Services Contract for Radiochemical Analyses**
- J. Approval of Water Service Agreement for Magee 17, Lots 1-35 (Off-Site M-16-009)**
- K. Approval of Contract Renewal No. 3 for the Positive Displacement Meters 5/8" to 2" contract with FWC Waterworks LLC**

Mr. Offret moved to approve the consent agenda. Mr. Foulk seconded the motion. Motion passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Mr. Olsen stated that fiscal year-to-date consumption for Metro Main and Metro Southwest is approximately 6% higher than last fiscal year-to-date and Metro Hub is approximately 10% higher over the same period. The significance of this trend will be elaborated upon in the Financial Report.

After numerous infrastructure replacement and renewal efforts, the Oracle Jaynes station well, booster, and storage tank have been put back into service and has already proven to be a high performing production facility. An unintended benefit is that with the enhanced production capability of the Oracle Jaynes wellsite, the Ina-CDO and Thornydale wells do not need to operate as often, which will hopefully reduce a potential 1,4-Dioxane plume migration from the currently off-line Horizon Hills wellsite. Utility staff is also working diligently to accomplish the remaining planned meter replacements prior to the end of the fiscal year.

Arizona Department of Water Resources (ADWR) responded to the District's Avra Valley Recharge Project (AVRP) underground storage facility permit application with a series of questions and requested additional groundwater model information. Based on the subsequent dialogue with ADWR, the District's water resource consultant, and staff, the application is being revised. Instead of asking for a new and modified storage permit at AVRP allowing up to 15,000 acre-feet (AF) of annual storage, the request for a permit renewal will be for the current 11,000 AF of annual storage. Typically, less than 8,000 AF has been stored annually at AVRP but there are various capital upgrades planned to enable the operational capacity to reach the 11,000 AF permit volume. This will significantly simplify the request to ADWR and result in a much faster

permit review. Should the District desire to further expand AVRP with additional basins in the future, a modification would then be coordinated with ADWR.

During the April 2018 Board meeting, the Board approved a contract for the Northwest Recharge, Recovery, and Delivery System (NWRRDS) support services with HDR Engineering for both shared and District only components. Since that meeting, the NWRRDS Committee has met with HDR Engineering to coordinate the specific contract language and has signed a Memorandum of Agreement with Marana, Oro Valley, and the District, which outlines the specific tasks to be accomplished. The shared contract will be signed once legal review is complete. The plan is to then begin coordination of the contract language for the District only portion with HDR as the current and pressing support needs are on the shared components.

The designs for the Old Nogales mainline replacement and Hub reservoir expansion, which was authorized by the Board during the mid-year budget review, are anticipated to be complete within the next month with plans to accomplish the construction activities as part of the approved Fiscal Year 2019 Capital Improvement Programs (CIP).

B. Financial Report

Mr. Olsen stated that revenue and expenditures are both favorable through the end of April with revenue projected to exceed the budgeted revenue by \$1,779,951 dollars using a straight-line projection. Expenditures are under budget by \$709,557 dollars when compared to a straight-line projection. Revenue in excess of expenditures are favorable by \$2,489,508. The budgeted metered water revenue has been billed with two months or 16.67% of the fiscal year remaining. Historically 19% of the budgeted revenue is billed in the last two months of the fiscal year. Development revenue has exceeded the adopted budget by \$199,637, Water storage revenue has exceeded the budget by \$113,362, interest and other income have exceeded the adopted budget amount by \$73,055 and \$97,297 respectively. Regulatory fees continue to be slightly higher than a straight-line projection; however, they are still under budget and expected to be under budget by the end of the fiscal year. Revenue through April is higher than the prior year by \$1,364,922 or 8%. Meter Water Sales are higher by 5.8% or \$816,955. Development revenue exceeded the prior year by \$331,069. The total operating expenditures are \$573,457 higher than they were at the end of April 2017. When comparing revenue in excess of operating expenditures to the prior fiscal year, the current year is favorable by \$791,465.

The Arizona State Treasurer Pooled Collateral Program provided collateralization coverage of \$6,277,900.20 in addition to the \$500,000 FDIC coverage.

Forty-one new meter applications were received in May compared to 18-meter applications received in May of the prior fiscal year. As of the end of May, 232 new meter applications have been received compared to 116 new meter applications received through May 2017. We have exceeded the projected 84 new meter installations for the fiscal year.

C. Approval of Consultant Selection and Authorizing the General Manager to Negotiate a Professional Services Agreement for Miscellaneous Water System Design

Mr. Olsen stated that the following three items on the agenda are for on-call professional services to support the District in the areas of surveying and mapping, geotechnical and materials testing, and miscellaneous water system design. The current contracts are to expire at the end of this fiscal year on June 30, 2018. The request for statements of qualifications was published for each of the three contracts with two to four firms responding to each solicitation.

Based on a scoring matrix review of the statement of qualifications, staff recommends approval of the both the Water System Design and the Surveying and Mapping agreements with Westland Resources, Inc. and Geotechnical and Material Testing agreement with Western Technologies Inc. Both Westland Resources, Inc. and Western Technologies Inc. have successfully accomplished work previously for the District.

Mr. Offret moved to approve the consultant selection and authorize the General Manager to negotiate a Professional Services Agreement for Miscellaneous Water System Design with WestLand Resources, Inc. in the amount of \$100,000 for Fiscal Year 2019, with an option to renew the contract for up to two additional years and to authorize the General Manager to negotiate and enter into a contract for these services with the second ranked firm in the event WestLand Resources, Inc. is unable or unwilling to perform. Mr. Foulk seconded the motion. Motion passed unanimously.

D. Approval of Consultant Selection and Authorizing the General Manager to Negotiate a Professional Services Agreement for Miscellaneous Survey and Mapping

Mr. Foulk moved to approve the consultant selection and authorize the General Manager to negotiate a Professional Services Agreement for Miscellaneous Survey and Mapping with WestLand Resources, Inc. in the amount of \$25,000 for Fiscal Year 2019, with an option to renew the contract for up to two additional years and to authorize the General Manager to negotiate and enter into a contract for these services with the second ranked firm in the event WestLand Resources, Inc. is unable or unwilling to perform. Mr. Offret seconded the motion. Motion passed unanimously.

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

Mr. Offret moved to approve the consultant selection and authorize the General Manager to negotiate a Professional Services Agreement for Miscellaneous Geotechnical and Material Testing with Western Technologies, Inc. in the amount of \$25,000 for Fiscal Year 2019, with an option to renew the contract for up to two additional years and to authorize the General Manager to negotiate and enter into a contract for these services with the second ranked firm in the event Western Technologies, Inc. is unable or unwilling to perform. Mr. Foulk seconded the motion. Motion passed unanimously.

F. Award of Construction Contract for La Cholla Blvd. Waterline Relocations: Overton Road to Lambert Lane M-17-006

Mr. Olsen stated that the Regional Transportation Authority (RTA) project is the number two priority on the Fiscal Year 2018 CIP but was delayed for numerous reasons and is again the number two CIP priority for the Fiscal Year 2019 budget.

Ms. Bowen stated that Innova Engineering, LLC was found to be a responsive and responsible bidder as well as has successfully completed several projects for the District in the past. The ductile iron pipe (DIP) is the recommended alternative based on its resiliency over time and a lower cost differential.

Mr. Offret asked if there will be additional RTA projects in the future. Mr. Olsen stated that there are some smaller RTA projects including bus pullouts and sidewalks and an RTA Committee was recently formed to explore future projects which may or may not impact District infrastructure.

Mr. Foulk moved to award the construction contract for the La Cholla Boulevard Waterline Relocations to Innova Engineering, LLC, in the amount of \$858,180.00 for Bid Alternate A, and to authorize the General Manager to allocate additional funding in a cumulative amount not to exceed \$50,000 and to increase the original construction contract term in a cumulative amount not to exceed thirty (30) calendar days. Mr. Offret seconded the motion. Motion passed unanimously.

G. Authorizing the General Manager to Negotiate a Professional Services Agreement for Miscellaneous Real Estate Consulting

Mr. Olsen stated that the District needs to continually plan for future infrastructure replacement requirements and additions to water infrastructure that would enhance the efficient operations of the District. Among the initial planning actions for these infrastructure needs is to determine the

appropriate property to either drill a replacement well or house water storage that would make the distribution system more resilient and efficient. It is recommended that the Board authorize a professional services agreement with Tierra Right of Way Services to assist the District in researching and determining the appropriate properties to meet the District's future infrastructure needs and assist staff in other real property and easement matters. Tierra Right of Way Services has served the District on the property and easement acquisitions associated with the NWRDSD and, if approved by the Board, the District would utilize Tierra Right of Way Services via the City of Tucson's cooperative purchasing contract.

Mr. Offret moved to authorize the General Manager to negotiate a Professional Services Agreement for Miscellaneous Real Estate Consulting with Tierra Right of Way Services, Ltd., in the amount of \$50,000 for Fiscal Year 2019. Mr. Foulk seconded the motion. Motion passed unanimously.

H. Approval of Amendment No. 4 to the Contract for Land Acquisition Services for the Northwest Recharge, Recovery and Delivery System

Mr. Olsen stated that a critical path item of the NWRDSD is the various land acquisitions, including the Arizona State Land Department (ASLD) coordination and easements that need to be accomplished prior to design. Tierra Right of Way Services has been performing this work for the District. This amendment is not to increase the contract amount but to extend the time for another fiscal year. So far, 23 easements have been secured and of the 34 remaining easements, 21 are on ASLD property. Tierra also assisted the District in the purchase of the shared forebay property and the property along the edge of the Marana airport for the recovery pipeline.

Mr. Doyle asked for additional information on the forebay. Mr. Olsen stated that water is pumped out of the wells and conveyed through the transmission line to a large storage tank where any required water treatment actions will take place. There are boosters from Oro Valley, Marana, and the District that tie into that storage tank and pump water out of the storage tank to their respective service areas. This storage tank is also referred to as a forebay.

Mr. Foulk moved to approve Amendment No. 4 to the contract with Tierra Right of Way Services for Land Acquisition Services for the Northwest Recharge, Recovery and Delivery System, extending the contract term to June 30, 2019. Mr. Offret seconded the motion. Motion passed unanimously.

I. 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. Offret moved to approve the bids and pricing submitted for the Auxiliary Power Preventative Maintenance Services and On-Call Service Repairs for use in Fiscal Year 2019 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. Foulk seconded the motion. Motion passed unanimously.

J. 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. 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. Foulk 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. Offret seconded the motion. Motion passed unanimously.

K. Approval and Award of Well Maintenance 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. Two contractors submitted bids to provide well maintenance support for Fiscal Year 2019 and staff recommends Smyth Industries Inc. be awarded the contract based on their overall low bid.

Mr. Foulk moved to approve and award the Well Maintenance Contract to Smyth Industries, Inc., in the amount not to exceed \$295,000 and that the contract be brought back to the board for approval each year for the term of the contract. Mr. Offret seconded the motion. Motion passed unanimously.

L. Annual Water Resources Portfolio Report

Mr. Olsen stated that in 2014, the District created a water resource portfolio to readily convey a snapshot to the public of the District's total water resources among all types. This portfolio continues to show the active approach staff has taken in ensuring that customer demands are met long into the future. Wally Wilson, Water Resources Manager, provided a presentation on this year's update.

V. General Manager's Report

Mr. Olsen stated that Ralph Garcia, Utility Production Supervisor, who has served the District and previously Metro Water Company since 1985, has announced his retirement. Ralph is one of only four current employees who have served the District since the District began formal operations on October 2, 1992. The others are Steve Shepard, Utility Superintendent, Larry Tanner, Utility Program Coordinator, and Sheila Willis, Accounting Supervisor. Mr. Garcia's over 25 year focus on the District mission will certainly be missed and he has been busy downloading his encyclopedic knowledge of District production facilities to other District staff.

With the departure of Mr. Garcia, there have been a number of employee promotions in the Utility Team. Steve Woolridge has been promoted to the Utility Production Supervisor position. Mr. Woolridge has been serving District ratepayers for over 22 years and his breadth of knowledge on District operations will ensure a seamless transition.

Last week, two vacant Lead Utility Technicians positions were filled via an internal and external hiring process. Lead Utility Technicians have the same duties at Utility Technicians along with the additional responsibilities of providing mentorship and guidance, assisting in the pre-job planning and coordination, and backfilling as the Utility Supervisor when the Supervisor is unavailable. Edward Oliver and Bobby Martinez were promoted to the Lead Utility Technician positions for Production and Maintenance respectively.

VI. Legal Counsel's Report

Mr. Sklar stated that Mr. Olsen had previously discussed the process for acquiring right-of-way property and one such area has reached the stage that requires legal counsel's involvement concerning eminent domain. The goal is for the matter to commence in the next week or so with a quick resolution.

VII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board meeting will be held on July 9, 2018.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:45 p.m.

Judy Scrivener, Chair of the Board

Theo Fedele, Clerk of the Board