

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

MONDAY, FEBRUARY 10, 2020

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

MINUTES

Board Members Present: Judy Scrivener, Chair
Richard Sarti, Vice Chair
Jim Doyle, Member
Bryan Foulk, Member
Dan M. Offret, Member (arrived at 5:32 p.m.)

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

Executive Session

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 5:30 p.m. Jim Doyle, Bryan Foulk, Richard Sarti, and Judy Scrivener were present. Dan M. Offret was not present.

- I. Consideration of Action to go into Executive Session for the following purpose:
Pursuant to §38-431.03.A.3 and §38-431.03.A.4, this agenda item allows the Board of Directors to discuss or consult with the District's legal counsel for advice and provide direction regarding possible condemnation.**

Mr. Foulk made a motion to adjourn into Executive Session. Mr. Sarti seconded the motion. Motion passed unanimously. The Board adjourned into Executive Session at 5:31 p.m.

Mr. Offret arrived at 5:32 p.m.

The Executive Session concluded at 5:50 p.m.

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, Richard Sarti, and Judy Scrivener were present.

II. General Comments from the Public

There were no comments by the public.

III. Consent Agenda

- A. Approval of Minutes – January 13, 2020 Board Meeting**
- B. Ratification of Billing Adjustments**

Mr. Offret moved to approve the consent agenda. Mr. Sarti 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 the Fiscal Year 2020 combined consumption compared to last fiscal year-to-date is 6% higher and is the same percent trend as reported last month.

The planned upgrades to the District's Avra Valley Recharge Project (AVRP) facility were originally shifted from this fiscal year to next fiscal year due to larger than anticipated engineering cost estimates. The scope and associated cost for the waterline relocations that are to occur in advance of next fiscal year's Oracle Road modifications are significantly greater than anticipated. As the waterline modifications associated with Regional Transportation Authority (RTA) and Arizona Department of Transportation (ADOT) work must be paid for, the majority of next fiscal year's Capital Improvement Program (CIP) will be allocated for this effort. Staff are now planning to phase the AVRP modifications with accomplishing the critical metering upgrades and associated infrastructure in the next fiscal year with the basin modifications in a following fiscal year.

Mr. Shepard stated that the developer funded Diablo Village #2 well upgrades, which increase the well production from 450 gallons per minute to about 770 gallons per minute, have been completed, and will help satisfy the needs of the proposed development. The Northeast Reservoir Booster Station boosters were pulled for maintenance with the goal to ensure everything is in order for the summer. The internal coating of the Hardy storage tank was completed and the samples for bacterial test (bac-t) and volatile organic compounds (VOCs) have all passed. The tank has been drained and refilled and one last bac-t sample was collected this morning to ensure water quality prior to the tank returning to operation. The media from Diablo Village #1 Vessel 2 was removed for regeneration. At AVR, staff repaired the concrete on a 2-inch PVC pipe that connects the basin to a stilling well, which enables basin depth measurements.

Ms. Bowen stated that the Old Nogales Highway mainline replacement was completed a month ahead of schedule with only some clean-up items remaining. The remaining areas need to be cleared for the NWRDS recovery wells as well as coordinating a canal crossing to access the western most well site. Staff met with BKW to determine a crossing mitigation plan and to move forward with final crossing design and construction before the recovery well drilling. The kick-off meeting with the consultant for the Metro-only portion for NWRDS was held to initiate that portion of the project. The consultant is accomplishing the design of the booster station and a part of the transmission main to parallel with Marana and Oro Valley.

Mr. Sklar stated that the property owner in the remaining condemnation litigation has filed a motion asking the court to delay the trial date by approximately one year. We have filed our opposition to that motion a couple weeks back and the court will have a hearing on March 2, 2020 to decide on that motion. If we are successful in defeating that motion, we will go to trial in August but if the judge grants the motion, the trial will be some time in 2021.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for December are both favorable when compared to a straight-line projection with revenue \$1,081,022 over budget and expenditures \$423,862 under budget. The revenue in excess of expenditures is favorable by \$1,504,884. When comparing the total revenue to the prior fiscal year, revenue in December is 8.64% or \$997,516 higher than it was in December 2018. The December Meter Water Revenue is 6.78% or \$621,002 higher than the prior fiscal year. The total operating expenditures for December are \$606,934 higher than they were in December 2018. When comparing revenue in excess of operating expenditures, the current year is favorable by \$390,582. The January cash deposit balance was \$12,694,662.57, which is \$1,588,825.60 lower than the December balance. The investment balance as of the end of January was \$10,786,061.11, which is \$310,306.75 higher than the December balance.

The Arizona State Treasurer Pooled Collateral Program Statement for December provided collateralization coverage of \$7,126,775 in addition to the \$250,000 FDIC coverage.

The Capital One Bank MasterCards were used to purchase \$48,118.62 on the January statement with up to 1.25% cash back earnings. The cash back amount received from transactions processed in December totaled \$526.22 or 1.15% with an inception-to-date cash back total of \$7,712.00.

Sixty-seven new meter applications were received in January compared to 17 new meter application received in January 2019. Sixty-two applications were for the Metro Main service area, one application was for the Hub service area, and four applications for the Metro Southwest service areas. As of the end of January, 247 new meter applications have been received with 189 applications received at the same point in the prior fiscal year.

C. Fiscal Year 2020 Mid-Year Review

Mr. Olsen stated that in the Financial Report, Ms. Bracken covered revenue and expenditures through the end of December, which also coincides with the information used in the mid-fiscal year review. Last month, staff met with the Finance Oversight Committee (FOC) to discuss the mid-fiscal year review where Ms. Bracken covered revenue, expenditures, and each of the significant line item variances in the operating budget, Ms. Bowen provided a status update on the Capital Improvement Program, and Mr. Shepard and Ms. Bracken covered the progress on the various capital equipment items approved in the current fiscal year budget. As revenue halfway through the fiscal year is close to the budgeted amount and expenditures are on track within expectations, the FOC moved 5-0 to recommend that the Board authorize staff to proceed with the approved budget as presented to the FOC. Given that revenue and expenditures were already discussed, it would be more applicable to address specific questions the Board has regarding any line items in their mid-fiscal year review packet. Once all questions are addressed, the Board is requested to authorize staff proceed with the current fiscal year budget as presented to the FOC.

Mr. Sarti moved to accept the recommendation of the Finance Oversight Committee to have staff proceed with the Fiscal Year 2020 Adopted Budget as presented in the Fiscal Year 2020 Mid-Year Review. Mr. Offret seconded the motion. Motion passed unanimously.

D. Approval of Consultant Selection and Authorizing the General Manager to Negotiate a Contract for Final Design Services for Shared Portions of the Northwest Recharge, Recovery and Delivery System

Mr. Olsen stated that while the partner portion of the Northwest Recharge, Recovery, and Delivery System (NWRRDS) recovery pipeline and forebay storage has completed initial design, final design activities are required to complete the design plans for these elements prior to construction. On December 10, 2019, the partners of the Town of Oro Valley, the Town of Marana, and the District signed a Memorandum of Agreement (MOA) authorizing the solicitation for a consultant to provide the final design services. Three Statement of Qualifications (SOQ) were received by the due date and time on January 17, 2020. A six member committee, consisting of equal representation from the NWRRDS Partners, evaluated the SOQs. The committee then executed MOA 19009-01 unanimously recommending the Board award these services to Carollo Engineers, Inc., who was the top ranked respondent, or to the second ranked respondent, Stantec, in the event Carollo is unable or unwilling to perform.

Mr. Foulk moved to authorize the General Manager to negotiate and enter into a contract with Carollo Engineers, Inc., for final design services for the transmission main and forebay facility and to authorize the General Manager to negotiate and enter into a contract for these services with Stantec in the event Carollo Engineers, Inc., is unable or unwilling to perform. Mr. Offret seconded the motion. Motion passed unanimously.

E. Authorizing a Construction Contract for Camino del Fierro Vacuum Breaker Installation

Mr. Olsen stated that last month the Board approved the purchase of materials to construct a Pressure Reducing Valve (PRV) to enhance the resiliency of a large portion of Metro Main. This PRV was identified as a proactive solution during a recent tabletop exercise to determine what actions could be taken in the event of a failure of the Camino Del Fierro transmission main. The #11 CIP priority in the current fiscal year is to construct an Air Vacuum Release Valve (ARV) on the Camino Del Fierro transmission main as this would reduce the potential for the pipeline to collapse in the event of a break on this line. The plan is to construct the PRV prior to the installation of the ARV.

The cost estimate to accomplish the ARV is higher than anticipated as the contractor needs to excavate and uncover the 24-inch main to obtain proper pipe measurements in advance of ordering the materials. The budgeted amount for this effort is \$54,990 and the contractor's bid is \$83,710 to account for unknowns in the ultimate traffic and excavation requirements. Given the criticality of this ARV, it is recommended that the Board authorize a not to exceed amount of \$83,710 and staff will work to minimize the actual costs incurred.

Mr. Foulk moved to authorize the General Manager to negotiate and enter into a contract with Tricon Contracting, Inc., to install an air vacuum breaker on the Camino del Fierro transmission

main using Job Order Contract No. 171701 through the City of Tucson cooperative purchasing agreement in an amount not to exceed \$83,710.00 and to authorize the General Manager to increase the scope and fee by \$5,000.00, if necessary, to accommodate unforeseen conditions encountered during construction. Mr. Sarti seconded the motion. Motion passed unanimously.

F. Legislative Updates 2020

Ms. Fedele stated that with the Arizona State Legislature in session, staff will monitor and update the Board on proposed legislation related to water, special districts, and other topics that could have an impact on the District. The following bills were presented for the Board's situational awareness and no action was recommended at this time.

House Bill 2213– Makes a supplemental appropriation of \$20 million from the general fund in Fiscal Years 2020-21 to the Water Quality Assurance Revolving Fund (WQARF). This fund reimburses District operating expenses for the South Shannon Treatment System.

Senate Bill 1281– Appropriates \$15 million from the general fund in Fiscal Years 2020-21 to WQARF.

House Bill 2554 and Senate Bill 1633 – The Department of Environmental Quality is required to establish drinking water aquifer water quality standards for a list of specified pollutants. The standards are required to be protective of public health, including vulnerable subpopulations such as pregnant women, nursing mothers, infants and children.

House Bill 2618 and Senate Bill 1494 – The statutory life of the Department of Water Resources is extended eight years to July 1, 2028. Retroactive to July 1, 2020.

Senate Bill 1042 – The list of purposes for which a public body is authorized to hold an executive session is expanded to include discussion or consultations with designated representatives of the public body in order to discuss security plans, procedures, assessments, measures or systems relating to, or having an impact on, the security or safety of buildings or facilities and information technology maintained by the public body.

Senate Bill 1133 – If a governmental entity directs a contractor to perform changed or additional work in accordance with a construction contract, a process is established for a contractor or subcontractor to request payment for changed or additional work completed during the preceding calendar month in monthly pay estimates, pending a final determination of the total cost to be paid for the changed or additional work. Mr. Olsen stated that the District does not have a lobbyist but is a member of Southern Arizona Water Users Association (SAWUA) who does engage in

lobbying activities on behalf of their members. Working through the SAWUA lobbyist the District was able to work with the Bill's sponsor to exempt water and wastewater improvement Districts from this requirement, which could potentially add an additional hurdle when coordinating emergency repair contracts.

Ms. Fedele stated bill introduction deadline was February 3, 2020 for Senate bills and February 10, 2020 for the House bills. Staff will continue to monitor the legislative activities and will continue to update the board on items that may impact the District

VI. General Manager's Report

Mr. Olsen stated that one of the specific performance objectives for 2020 is to partner with other water providers to advocate the State Legislature to create a dedicated funding stream, versus a solely fee-based funding, for the Water Quality Assurance Revolving Fund. This is the fund that Arizona Department of Environmental Quality (ADEQ) manages which reimburses the District for operating the South Shannon Treatment System. Over the past few months, staff has been working with the Salt River Project (SRP) and other water providers to coordinate the path forward. There is broad support for dedicated funding for WQARF from the State Budget. Wally Wilson, Water Resources Manager, stated that there is particular interest that the waiver allows remediated water to continue to be part of the assured water supplies, which is about 1,000 acre-foot (AF) for the District and about 4,000-5,000 AF for some of the cities in Arizona Municipal Water Users Association (AMWUA).

Mr. Olsen stated that last month there were three staff vacancies: Utility Technician I, Construction Inspector, and Civil Engineer. The Construction Inspector started today, staff is moving forward with the onboarding process for the Utility Technician I position, and the one remaining vacancy is the Civil Engineer / Senior Engineering Associate position.

VII. Legal Counsel's Report

Mr. Sklar stated he had nothing to report.

VIII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board meeting will be held on March 9, 2020.

The FOC will be meeting On March 16, 2020 at 4:00 p.m. the Board is welcome but not required to attend. Thursday, March 19, 2020 is the Board Study Session at 5:30 p.m. Both discussions are regarding the proposed Budget and rates and fees for Fiscal Year 2021.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:27 p.m.

Judy Scrivener, Chair of the Board

Theo Fedele, Clerk of the Board

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