

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

**MONDAY, APRIL 8, 2019**

**\*\*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  
Richard Sarti, Member

**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

**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**

John McAllister, District resident, stated he was reading the Splash Newsletter that stated last year the District stored enough water to provide a full year of future water needs based on current water demands. Mr. McAllister asked how many more homes the District will allow in the future which might not be enough water for all of the homes. Mr. Olsen stated that right now the District has a Central Arizona Project (CAP) allocation of 13,460 acre feet (AF) of water per year and the Metro Main service area's current demand is around 7,500 AF. The District has been taking delivery of all of its allocation and using only half on annual basis to meet the customer demand needs and storing about half for future needs. The District's water resource portfolio is planned far into the future. Under the designation of assured water supply rules, water resources to serve customers

100 years into the future is required. An average planning factor is 2-3 homes per AF for annualized demand. The District also has established boundaries where we provide service in each service area. It is difficult to answer how many homes will ultimately receive service within our service area boundaries beyond high-level estimates in our designation of assured water supply. Mr. McAllister asked if future building within the boundaries is taken into account. Mr. Olsen stated that the District is currently storing half a year's demand which is based on current demand. Future developments are addressed by the District's long range water resources portfolio, which ensures the water resources to meet both current and future needs for 100 years. Mr. McAllister stated that 100 years into the future seems impossible to calculate. Mr. Olsen stated that ADWR requires a review and update to the designation of assured water supply every ten years to ensure correct and accurate information.

### **III. Consent Agenda**

- A. Approval of Minutes – March 11, 2019 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Bill of Sale Magee 17, Lots 1-35 (On-Site) (M-16-009)**
- D. Ratification of Bill of Sale Valhalla Estates, Lots 1-24, and Diablo Village Estates, Lots 115-178, 260-265, & 272-285, Phase 1 (M-17-016)**

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 the fiscal year-to-date combined consumption for all service areas is approximately 14% lower when compared to the same period last year but only 2.3% lower when compared to the same period in Fiscal Year 2017. This highlights the significant increase in consumption last fiscal year caused by the warmer and drier weather experience in the Southwest last year.

So far this calendar year, 2,311 AF of City of Phoenix's 3,500 AF has been stored at Avra Valley Recharge Project (AVRP). The remaining portion of Phoenix's Inter-AMA firming water along with the District's planned Central Arizona Project (CAP) storage is currently track to be stored by the end of the calendar year.

A kick-off meeting was held with the District's professional design services consultant, Westland Resources, to begin design activities for the planned AVRP upgrades to bring the total operational capacity to the current permit capacity of 11,000 AF annually.

Each year, as part of the District's annual withdraw and use report submission to the Arizona Department of Water Resources (ADWR), the lost water for each service area is calculated. Lost water is the portion of water that is pumped but not delivered to customers or otherwise tracked. Common causes for lost water include leaks in the water distribution system and apparent losses due to any metering inaccuracies. The general requirement to stay compliant with ADWR regarding lost water is for each service areas to be less than 10%. For calendar year 2018, the lost water percentage by service area was: Metro Main: 1.4%, Metro Hub: 2.2%, Metro Southwest – Diablo Village: 7.75%, Metro Southwest – E&T: 6.0%, and Metro Southwest – Lazy B's lost water is not reported due to the service area's small size.

Mr. Shepard stated that the Deconcini booster #1 motor was pulled for repairs last month. When putting the motor back on the pump after the repairs were completed, staff realized there was a damaged piece on the impeller on the pump. The impeller is currently being repaired but will be replaced with a cast iron impeller. The Deconcini booster #2 meter motor is back in service after some repairs. Staff is working on flushing at the Deconcini well after installing the liner and once samples and bacteriological tests are completed the system will be back on-line. Staff repaired a 1" PVC service line at a subdivision in Diablo village. This subdivision will be included in a future CIP plan to work on service lines. Staff worked with the manufacturer to replace an air conditioner on one of the VFD units at Magee La Cholla, which was under the warranty. These warranties have been useful over the past year with various issues. Staff is working with the Engineering team and the contractors to get the Hub reservoir and Diablo Village storage tanks filled.

Ms. Bowen stated that the initial round of water quality testing at the Hub reservoir is expected to be taken tomorrow with results back on Wednesday. The Utilities team will drain and refill the tank to get rid of any taste and odor issues and another sample will be taken prior to the tank being put into service. The tank will be considered substantially complete with good results after Tuesday's test. Electrical work and the remaining site work is also ongoing. The Diablo Village tank work is moving forward and is already online. Contractors have been given a notice of substantial completion and the okay to start asking for meters in that system while the remaining work is being finished. Staff is working with HDR to advance the 30% design for the Northwest Recharge, Recovery, and Delivery System (NWRADS) project. Reports have been submitted on the various crossings and staff is reviewing them. A native plant inventory for the exploratory well sites and associated collector pipelines and access are being conducted to determine the best strategy to move forward and get the two projects started. A cultural resources clearance was received from State land, which is part of the easement application. The next partner meeting is this week on the 11<sup>th</sup> and the next technical team meeting is the 23<sup>rd</sup>. A tentative date is set for the project management information system training which will allow document status to be viewed in real time instead of waiting for a status updates. Staff is working with HDR to negotiate a scope

for the District recovery system portion from the forebay to Herb Johnson. A notice to proceed has not been issued yet pending a meeting internally to discuss with HDR the steps to move forward.

Mr. Sklar provided an update on the following condemnation activities:

- APN 216-31-0380 – continuing to work with the property owner’s lawyer on confirmation that money has been paid so final order of condemnation can be issued.
- APN 216-32-025A and 216-32-028A – proceeding forward with the litigation. The court has issued a schedule that involves a trial setting conference at the end of year which suggests that trial will be set for the first quarter of 2020.

## **B. Financial Report**

Ms. Bracken stated that revenue and expenditures through February are both favorable when compared to a straight-line projection with revenue \$500,997 over budget and expenditures \$771,907 under budget resulting in a favorable revenue in excess of expenditures total of \$1,272,884. When comparing revenue to the prior fiscal years, revenue through February is lower by \$161,173. The February water revenue is \$487,047 or 4.02% lower than the prior fiscal year. Since the budgeted metered water revenue was calculated using Fiscal Year 2017, a comparison to Fiscal Year 2017 shows the current year metered water revenue is \$286,856 higher as of the end of February. The five and ten year historic average revenue collection rate, as of the end of February, is 67% of the budgeted metered water revenue and the current year is at 66.68% or less than a third of one percent lower. The total operating costs through February are \$59,145 higher than in February 2018. The revenue in excess of expenditures is \$220,318 lower this fiscal year. The balance of the March combined cash accounts is \$6,807,932.84 lower than the prior fiscal year balance with \$9.5 million dollars moved onto investments. The investment balance as of the end of March is \$10,560,853.57 higher than the March 2018 balance.

Wells Fargo provided \$3,356,740.16 of collateralization coverage in addition to the FDIC coverage of \$250,000.

The Capital One MasterCard were used to purchase \$44,991.09 on the March statement with up to 1.25% cash back earnings. The cash back amount received from transactions processed in the prior month was \$512.23 or .95% with a year-to-date cash back total of \$3,115.23.

Twenty-nine new meter applications were received in March with 35 new meter application received in March of the prior fiscal year. Twenty-four new meter applications for the Metro Main and Hub service areas were received with five new meter application for the Metro Southwest service areas. So far this fiscal year, 250 new meter applications have been received compared to 163 at the end of March in the prior fiscal year.

**C. Approve the Amended Contract for Collection of Sewer User Fees**

Ms. Bracken stated that staff met with Pima County Regional Wastewater Reclamation Department on March 26, 2019 to review the cost associated with providing the sewer fee collections for Fiscal Year 2020. Both parties agreed on a \$.10 per month per sewer account customer increase. In March, the sewer billing service was provided to 18,766 customers. Based on the number of customers the annual revenue is estimated to be \$342,292 with the new rate or an increase of \$22,520.

Mr. Olsen stated that the \$.10 increase continues to move us closer to the full cost of service recovery for performing wastewater billing for Pima County while also providing the convenience for District residents to pay one water/wastewater utility bill as opposed to paying separate monthly bills.

Mr. Foulk moved to approve the attached one-year amendment to the contract with Pima County Regional Wastewater Reclamation Department for the collection of sewer user fees at the rate of \$1.52 starting on July 1, 2019 with an expiration of June 30, 2020. Mr. Offret seconded the motion. Ms. Scrivener recused herself from voting on this item due to employment with Pima County Wastewater. Motion passed 4 – 0.

**D. Award of Construction Contract for Old Nogales Highway Mainline Replacement (M-18-011)**

Mr. Olsen stated that over the past couple years, there have been numerous and recurring main breaks on the Old Nogales mainline in the E&T service area. These breaks not only require significant District resources to repair but also impact deliveries to our customers in the E&T service area. The replacement of this mainline has been prioritized as the 7th overall CIP priority behind NWRD related items, mandatory water infrastructure relocation activities associated with Regional Transportation Authority (RTA) projects, and planned AVRP upgrades. The original plan was to phase the Old Nogales mainline replacement into three phases over three fiscal years. To ensure appropriate planning, the request for bid asked contractors to respond to various bid options, including accomplishing all three phases at once. Fortunately, one of the bid respondents provided substantial cost savings if all three phases would be accomplished together.

There is \$82,000 in the current fiscal year budget that was originally envisioned to accomplish phase 1 of the project. As this project is a high priority item to avoid future customer impacts and continual expenditure of District resources to accomplish emergency repair activities, it is recommended that the Board award this project utilizing \$82,000 in the current fiscal year and

\$221,500 in the proposed Fiscal Year 2020 budget to Innova Engineering. Innova has performed similar work for the District before on the Casas Adobes mainline replacements and the La Cholla relocations associated with the RTA project.

Mr. Foulk moved to award the construction contract for the Old Nogales Highway Mainline Replacement to Innova Engineering, LLC, in the amount of \$253,355.00 for modified Bid Alternate C and to authorize the General Manager to allocate additional funding in a cumulative amount not to exceed \$10,000.00 and to increase the original construction contract term in a cumulative amount not to exceed thirty (30) calendar days. Mr. Sarti seconded the motion. Motion passed unanimously.

**E. Presentation on the District's Maintenance / Construction Team**

Mr. Olsen stated that as mentioned at last month's Board meeting, this year a number of educational presentations are planned to provide the Board with insight on how the various teams and staff support the District mission on a daily basis.

Mr. Bott provided a presentation on the Maintenance and Construction Team's activities.

**V. General Manager's Report**

Mr. Olsen stated that since last month's update on the Drought Contingency Plan (DCP), ADWR's Director Buschatzke, along with the water leads from the other six basin states and the Bureau of Reclamations (BOR) Commissioner Burman, briefed the combined DCP plan to both the U.S. Senate and House of Representatives. The briefings were received with broad bi-partisan support from the elected officials and the plan is for legislation to be introduced in the very near future in both the Senate and the House to authorize the execution of the DCP.

Next week has been declared by the Arizona Legislature as Water Professionals Week to acknowledge the dedication of water professionals to ensure delivery of safe and reliable water to residents throughout the State. The week was also chosen to coincide with the annual AZ Water conference. There will be press release from ADWR shortly announcing the water professionals week as well as inviting water professionals to participate next Monday at 4:00 p.m. in the Rose Garden to commemorate the week with State elected officials.

**VI. Legal Counsel's Report**

Mr. Sklar said he had nothing to report.

**VII. Clerk of the Board Updates; Future Meetings**

An Information Meeting is scheduled for Wednesday, May 8, 2019 at 6:00 p.m.

The next regularly scheduled Board meeting will be held on May 13, 2019 and will begin at 5:30 p.m. with the rate hearing and the regular meeting will begin afterwards.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 6:48 p.m.

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Judy Scrivener, Chair of the Board

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Theo Fedele, Clerk of the Board