

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

**MONDAY, JULY 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  
Dan M. Offret, Member  
Richard Sarti, Member

**Board Members Not Present:** Jim Doyle, 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  
Josh Crandell, 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. Bryan Foulk, Dan M. Offret, Richard Sarti, and Judy Scrivener were present. Jim Doyle was not present.

**II. General Comments from the Public**

There were no comments by the public.

**III. Consent Agenda**

- A. Approval of Minutes – April 2, 2019 Study Session Meeting**
- B. Approval of Minutes – June 10, 2019 Board Meeting**
- C. Ratification of Billing Adjustments**

- D. Ratification of Accounts Removed from Active Accounts Receivable**
- E. Approval of Water Service Agreement for Waterline Extension to 8610 N. Pomona Avenue (M-19-011)**

Mr. Foulk moved to approve the consent agenda. Mr. Offret 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 2019 combined consumption for all service areas is 10.3% lower compared to Fiscal Year 2018, which is a similar ratio that other water providers are seeing in the region, and consumption is 4% lower compared to Fiscal Year 2017. Fiscal Year 2020 consumption will continue to be closely monitored since the Nation Weather Service climate predictions show a 66% chance that El Niño will continue throughout the summer, which impacts the precipitation in Southwestern Arizona.

All of the City of Phoenix inter-AMA firming water for 2019 has been delivered to the District's Avra Valley Recharge Project (AVRP) and just under 1,500 acre-feet (AF) of the District's Central Arizona Project (CAP) water remains to be recharged at AVRP by the end of the calendar year. One of the items in the Fiscal Year 2020 Capital Improvement Program (CIP) was to upgrade the AVRP facility to enhance the operational recharge capacity from approximately 8,000 AF/year to our permit capacity of 11,000 AF/year. Based on the results of the engineering design for these upgrades and the associated engineering cost estimates, the execution timeline will be adjusted slightly for the construction to occur in Fiscal Year 2021, between January and June of 2021. While this delays the project by a year, the construction schedule adjustment ensures adequate funding to accomplish the various upgrades while also enabling the District to honor the inter-AMA firming agreement with the City of Phoenix and to continue generating revenue for the District associated with this agreement.

Mr. Shepard stated that staff completed an 8" main line repair at the Diablo service area. On Sunday night at Metro Hub, there was a poly service line failure. Staff was joined by the Mr. Olsen to assist in the repair and was able to get the line back in service. Earlier in June, there were electrical service issues due to various imbalances at the Hub 4 facility. Staff worked with TEP for about a week to resolve the issue by moving the District's facilities to a different circuit. Some additional work was also completed at Hub reservoir this month due to challenges with the power

supply. Staff successfully pulled the 16" casing path liner out of the Riverside well. The valve exercising machine was down so the report shows zero valves exercised for last month and this month. The machine should be functional this week.

Ms. Bowen stated that the NWRD project has commenced with the clearing and grubbing at the access property acquired from the town of Marana and the two exploratory well sites. The Hub reservoir is completed as of the end of June. The Engineering office remodel is completed after a month of demolition and reconstruction.

Mr. Crandell provided an update on the condemnation activity for APN 216-32-025A and 216-32-028A. The expert appraisal was received and is in the process of being reviewed. The expert opinion is due in August.

## **B. Financial Report**

Ms. Bracken stated that revenue and expenditures through May are both favorable when compared to a straight-line projection with the total revenue \$435,305 over budget and expenditures \$1,114,988 under budget resulting in a favorable revenue in excess of expenditures total of \$1,550,293. When comparing revenue to the prior fiscal years, May is lower by \$196,725. The May metered water revenue is \$663,264 or 4.07% lower than the prior fiscal year. The five and ten year historic average water revenue collection rate, as of the end of May, is 90% of the budgeted metered water revenue and the current year is slightly behind at 89.85%. Water Resource Utilization Fees are lower than budgeted with 86.35% of the budgeted revenue realized. With lower water consumption, this revenue source is expected to be under budget at the end of the fiscal year. The total operating costs through May are \$30,672 higher than they were in May 2018. The revenue in excess of expenditures is \$166,053 lower in Fiscal Year 2019. The June cash deposit balance is \$6,333,708.85, which is \$7,808,430.53 lower than the prior fiscal year balance with \$9.5 million moved to investments. The investment balance as of the end of June is \$12,757,301.13, which is \$9,705,052.70 higher than the June 2018 balance.

Wells Fargo provided \$3,672,019.08 of collateralization coverage in addition to the FDIC coverage of \$250,000.

The Capital One MasterCards were used to purchase \$40,810.43 on the June statement with up to 1.25% cash back earnings. The cash back amount received from transactions processed in the prior month was \$465.95 or 1.14% with a cash back total of \$4,219.29 as of May 31, 2019.

Fifty-four new meter applications were received in June with 29 new meter applications received in June 2018. Thirty-eight new meter applications were for the Metro Main and Hub service areas and sixteen new meter application were for the Metro Southwest service areas. This fiscal year 370 new meter applications were received compared to 261 in the prior fiscal year.

**C. Approval of the Safety and Security Upgrades for the Main Office Lobby**

Mr. Olsen stated that the Fiscal Year 2020 budget includes \$25,000 to accomplish various safety and security upgrades for the main office lobby. This work enhances safety by removing a door that is in close proximity to another door and causes a collision hazard for staff as well as upgrading the existing security protection for the Administration and Engineering/Hydrology customer windows. The budgeted \$25,000 to accomplish these upgrades was based off an initial planning estimate from a contractor that performs similar upgrades. Unfortunately, the contractor who provided this high-level estimate did not bid on the work and the only bid that was received exceeds the budget by approximately \$46,000. Given that this is prioritized as the number one investment to support the District's mission in the Fiscal Year 2020 budget, it is recommended that the Board authorize this work and that the additional costs will be mitigated with either additional revenue sources or other budgeted line item savings.

Mr. Offret moved to approve the use of the City of Tucson Cooperative Purchasing Agreement job order contract to award the bid to Sellers & Sons, Inc., to complete the lobby safety and security upgrades as described in the scope of work at a total cost of \$70,729.00. Mr. Foulk seconded the motion. Motion passed unanimously.

**D. Authorizing an Agreement for the Development of a Conceptual Cost Opinion for Northwest Recharge, Recovery, and Delivery System (NWRRDS) Shared Infrastructure**

Mr. Olsen stated that the Northwest, Recharge, Recovery and Delivery System (NWRRDS) is the District's number one CIP priority and involves substantial contribution of financial resources from the Towns of Marana and Oro Valley. The NWRRDS property acquisitions and design activities are revenue funded while the construction will be accomplished with debt financing. Per the Board approved Debt Management Policy, "in order for a capital project to be included in a funding package, there must be a sound reliable cost estimate based on preliminary planning and detailed cost estimates accomplished by an external engineering consultant and validated by District engineering staff."

A Class 3 construction cost estimate for NWRDSD was accomplished by the District's Program Support Consultant, HDR Engineering, along with extensive involvement by District staff. Given the scope of this project compared to other CIP initiatives, and that HDR is serving as an extension of District staff in their program support role, it is recommended to have an independent cost estimate to validate the cost projections prior to the District obtaining debt financing for NWRDSD construction. It is recommended that the Board award this cost estimate to Carollo Engineers who has previously accomplished a similar validating cost estimate on the planned expansion to the Herb Johnson Reservoir.

Mr. Sarti moved to authorize the General Manager to execute an agreement with Carollo Engineers to develop a conceptual opinion of probable construction cost for the shared Northwest Recharge, Recovery, and Delivery System infrastructure in the amount of \$49,763.00 using the Arizona Department of Administration State Procurement Office annual professional services list. Mr. Offret seconded the motion. Motion passed unanimously.

**E. Approval and Award for Risk and Resilience Assessments including Emergency Response Plan Updates for the District's Five Service Areas**

Mr. Olsen stated that as part of the America's Water Infrastructure Act signed in October 2018, all public water systems with a population greater than 3,300 are required to conduct a risk and resilience assessment. This assessment will evaluate potential hazards and threats including, but not limited to, natural disasters, physical and cyber-attacks, and system failures. This requirement also meshes perfectly with one of the 2019 specific performance objectives assigned by the Board to accomplish a site-by-site security review and plan necessary upgrades to ensure water quality and protection of key infrastructure assets.

While not all of the District's five active service areas are required to accomplish this assessment based on population, it is recommended that all active service areas have this assessment accomplished to enhance the resiliency of the District.

Staff is recommending that KUV Consultants, who is certified in American Water Works Association's (AWWA) J100 Risk and Resilience Management Practices, accomplish these assessments. KUV Consultants also accomplished vulnerability assessments for the District in 2004. The estimate from KUV Consultants to accomplish these assessments \$53,110 and there is \$57,000 budgeted in the current fiscal year to accomplish these assessments.

Mr. Foulk moved to approve the risk and resilience assessment and emergency response plan updates and award the work to KUV Consultants in the amount not to exceed \$53,110 and to authorize the General Manager to approve up to an additional \$3,000 for any additional work needed. Mr. Offret seconded the motion. Motion passed unanimously.

**F. Presentation on the District's Production Team**

Mr. Olsen stated that Steve Woolridge, Utility Production and Outlying Facilities Supervisor would provide a presentation as part of the continued series of presentations highlighting the amazing dedication and contributions of staff to the District's mission.

Mr. Woolridge provided a presentation on the activities of the Utility Production and Outlying Facilities Team.

**V. General Manager's Report**

Mr. Olsen stated that last month the Board was informed of a potential emergency procurement action associated with a complicated mainline repair on Oracle Road where the break occurred in close proximity to a critical communication line. Fortunately, Tricon safely and successfully accomplished this work for the District and was below the \$15,000 General Manager's authority so no emergency procurement ratification is required.

The details associated with the District's Compensated System Conservation Agreement with CAP are still in progress. After the Central Arizona Water Conservation District (CAWCD) and District's Board approved the agreement, the Bureau of Reclamation (BOR) stated that they needed to review the agreement. As of this morning, the BOR has stated that the Federal Government would need to be signatories to the agreement and provided a number of edits. Most of the edits are non-substantive in nature with only one point of discussion continuing between CAP and BOR. The BOR attorney did state that the United States supports the agreement and that they remain committed to collaboratively develop language that will work for all parties. The next step will be to discuss the associated language this week in hopes of bringing this agreement to finalization.

**VI. Legal Counsel's Report**

Mr. Crandell said he had nothing to report.

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

The next regularly scheduled Board meeting will be held on August 12, 2019.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 7:04 p.m.

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Judy Scrivener, Chair of the Board

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Theo Fedele, Clerk of the Board