

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

MONDAY, MARCH 8, 2021

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

MINUTES

Board Members Present: Richard Sarti, Vice Chair
Jim Doyle, Member (Participated Electronically)
Bryan Foulk, Member
Lee Jacobs, Member

Board Members Not Present: Judy Scrivener, Chair

District Staff: Joseph Olsen, General Manager
Sheila Bowen, District Engineer (Participated Electronically)
Diane Bracken, Chief Financial Officer (Participated Electronically)
Steve Shepard, Utility Superintendent (Participated Electronically)
Theo Fedele, Clerk of the Board
Mark Patton, Legal Counsel (Participated Electronically)

Regular Session

I. Call to Order and Roll Call

Richard Sarti, Vice 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, Lee, Jacobs, and Richard Sarti were present. Judy Scrivener was not present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – February 8, 2021 Board Meeting**
- B. Ratification of Billing Adjustments**

C. Approval of Water Service Agreement for Waterline Extension to 1810 W. Birch Way (M-20-014)

Mr. Foulk moved to approve the consent agenda. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Mr. Olsen stated that the Fiscal Year 2021 consumption compared to last fiscal year-to-date continues to trend higher with consumption averaging 11.1% higher among all service areas.

For calendar year 2021, all of the District's Central Arizona Project (CAP) order is planned to be stored at Groundwater Savings Facilities (GSF) that will commence storage in the spring when agricultural deliveries begin. Phoenix's 3,500 acre-feet (AF) order of inter-AMA firming will be stored later this calendar year at Avra Valley Recharge Project (AVRP) once the planned upgrades are completed.

The modification application for Metro Main's Designation of Assured Water Supply is nearing completion. District staff submitted a response to the questions posed by the Arizona Department of Water Resources (ADWR) on February 18, 2021 and a draft de-enrollment resolution and member service area revocation agreement were sent to the District by the Central Arizona Groundwater Replenishment District (CAGR) for review. Once the assured water supply designation is signed by ADWR, then the District can sign the two de-enrollment related documents and submit them to CAGR with the new designation.

Mr. Shepard provided an update on noteworthy maintenance projects. Staff replaced a 12" valve on the Northeast Reservoir Booster Station (NERBS) pressure tank and installed a new 12" valve on the mainline at Oracle Jaynes Station. Staff made some necessary repairs in the Magee La Cholla south tank floor in preparation for internal tank coating. Approximately 100 feet of service lines have been harvested for the NWRRDS pipe loop testing. Staff worked with the vendor to complete the annual auxiliary power preventative maintenance.

Ms. Bowen stated that the District's consultant for the final design of the Northwest Recharge, Recovery and Delivery System (NWRRDS) recovery wells and collector pipelines began their review of the previous design efforts and completed the associated field survey activities. Preparations for the remaining geotechnical work were completed and the field work started today.

The potholing of existing utilities along portions of the NWRRDS transmission main has been completed at most of the contracted locations. Staff are awaiting the executed right of entry from Union Pacific Railroad for the contractor to complete the potholes near their facilities.

A majority of the work along Oracle Road has been completed and the District's contractor is working on the remaining clean-up and punch list items.

Mr. Patton stated he had nothing new to report regarding the condemnation item.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for January are both favorable when compared to a straight-line projection with revenue \$2,901,063 over budget and expenditures \$1,112,926 under budget. The revenue in excess of expenditures is favorable by \$4,013,989. When comparing the total revenue to the prior fiscal year, revenue through January was 11% or \$1,594,394 higher than the total revenue in January of the prior year. The Metered Water Revenue is 8.98% or \$992,749 higher than the prior fiscal year. The historic average of budgeted water revenue billed by the end of January is 61% and the District has billed 67.77% of the budgeted water revenue through the end of January. The operating expenditures in January were \$125,534 lower than they were at the end of January in the prior fiscal year. The February cash deposit balance was \$22,152,800.05, which is \$2,086,234.36 higher than the January balance. This is higher with \$1,000,000 of CDs matured and sitting in the money market. The investments as of the end of February totaled \$10,053,211.48, which is \$765,742.40 lower than January.

The Arizona State Treasurer Pooled Collateral Program Statement for January included \$9,524,512.52 of cash on deposit with collateralization coverage of \$9,460,002.77 in addition to the \$250,000 FDIC coverage.

The Capital One Bank MasterCard were used to purchase \$38,702.43 on the February statement with up to 1.25% cash back earnings. The cash back received from transactions processed in January totaled \$446.83 or 1.14%, with an inception-to-date cash back total of \$13,201.99.

There were 109 new meter applications received in February with 49 meter applications for the Metro Main and Hub service areas and 60 meter applications for the Metro Southwest service area. Twenty-six new meter application were received in February of the prior fiscal year. Year-to-date, 396 meter applications have been received compared to 273 at the same time in the prior fiscal year and all service areas have exceeded the budgeted new meter connections.

The District currently has 64 remaining customers on payment plans related to COVID with 26 paid in full. The unpaid balance of \$18,634.39 is down by \$7,386.18 from the prior month.

C. Approval of Insurance for Workers' Compensation Coverage

Mr. Olsen stated that the District carries workers' compensation insurance to cover employees in the event of an on-the-job injury. The District's insurance broker, Crest Insurance, pursued several options this year for workers' compensation insurance though most carriers declined to provide a quote as they would not be competitive with the District's current provider, CopperPoint Casualty Insurance. CopperPoint has quoted a 15.4% decrease over the current workers' compensation premiums to provide this coverage for the District and it is recommended that the Board approve the workers' compensation coverage with CopperPoint.

Mr. Foulk moved to approve the workers' compensation policy with CopperPoint Casualty Insurance Company for a coverage period of April 1, 2021 to March 31, 2022 at the amount of \$109,234. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 4-0.

D. Presentation on Arizona's Open Meeting Law by the District's Legal Counsel

Mr. Olsen stated that as the Board of Directors is a public body that must adhere to the requirements of governing Open Meeting Law statutes, refresher training on this topic is always warranted each time there is a new Board composition. Additionally, this provides our new legal Counsel, Mark Patton, an opportunity to share his insight and perspective with the Board on this essential topic for public bodies.

Mr. Patton provided a presentation and answered questions regarding Arizona's Open Meeting Law.

VI. General Manager's Report

Mr. Olsen stated that as previously reported, Governor Ducey appointed him as a new Commissioner for the Arizona Water Banking Authority and the nine members of the Senate Natural Resources, Energy, and Water Committee unanimously supported the nomination on February 10, 2021. Tomorrow, Mr. Olsen will undergo an orientation with Arizona Water Banking Authority staff and will attend his first Commission meeting on March 17, 2021.

Last month, staff informed the Board regarding Senate Bill 1366 and its companion Bill, House Bill 2614, which would extend the sunset for remediated water from 2025 to 2050. This is important to the District as the District receives remediated water via South Shannon Treatment

System Operations and that site will take far longer than 2025 to remediate. Since the last Board Meeting, the Senate voted unanimously to approve Senate Bill 1366 and this Bill is now under consideration by the House. So far, there is broad support for the current version of the Bill and hopefully the House will rapidly pass the Bill followed by Governor Ducey's signature.

VII. Legal Counsel's Report

Mr. Patton stated he had nothing to report.

VIII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board meeting will be held on April 12, 2021.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:32 p.m.

Judy Scrivener, Chair of the Board

Theo Fedele, Clerk of the Board