

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

MONDAY, MAY 10, 2021

****BOARD 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 (Participated Electronically)
Bryan Foulk, Member
Lee Jacobs, Member (Participated Electronically)

Board Members Not Present:

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

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:03 p.m. Jim Doyle, Bryan Foulk, Lee, Jacobs, Richard Sarti, and Judy Scrivener were present.

II. General Comments from the Public

There were no comments from the public.

III. Adoption of Fiscal Year 2022 Budget

Ms. Bracken stated that since the Requested Budget was presented to the Board at the March 22, 2021, Study Session, no changes have occurred to the requested operating budget. The total dollar

amount of the Capital Improvement Program (CIP) requested will not change, however; changes to the projects occurred this week. The Creeger Mainline Replacement design will not be completed in Fiscal Year 2022, and the work at Avra Valley Recharge Project (AVRP) will be delayed a year. The funding requested for the Creeger design and AVRP will be used to fund the Fiscal Year 2021 AVRP work that will be completed in Fiscal Year 2022.

The total budgeted revenue from operations remains unchanged at \$23,097,662. The proposed outside funding from partner contributions is \$4,032,318, with a projected beginning fund balance of \$18,527,686. The planned funds available in the Requested Budget is \$45,657,626.

The total operating budget is \$16,849,432, which is \$1,350,288 lower than the prior year's Adopted Budget with a \$1.1 million reduction in debt service payment resulting from the October bond refunding. The total O&M and capital budget is \$25,751,977, which is a 7.74% increase over the prior fiscal year with CIP project funding increasing \$3.2 million.

After adding in the depreciation and amortization the total requested expenditure budget is \$33,492,398, which is \$325,225 higher than the prior fiscal year's Adopted Budget.

Mr. Foulk moved to adopt the Metropolitan Domestic Water Improvement District budget for the Fiscal Year 2022 as presented with the total disbursements not to exceed \$33,492,398. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

IV. Consent Agenda

- A. Approval of Minutes – April 12, 2021 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Bill of Sale for Hacienda Sisters CCRC, Phase 2B, Off-Site (M-19-025)**
- D. Ratification of Bill of Sale for Hacienda Sisters CCRC, Phase 3A (M-20-008)**
- E. Ratification of Bill of Sale for Mountain Vista Ridge, Lots 129-201, Phase 2 (M-20-010)**

Mr. Sarti moved to approve the consent agenda. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

V. 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 11.6% higher among all service areas.

As of the end of February, 765 acre-feet (AF) of the District's Central Arizona Project (CAP) order has been delivered to Groundwater Savings Facilities (GSF) with the remainder of the District's order planned for storage at GSFs by the end of the calendar year. The City of Phoenix's 3,500 AF of inter-AMA firming will be stored later this calendar year at AVRVP once the planned upgrades are completed.

Mr. Shepard provided an update on noteworthy maintenance projects including the installation of a new water service on Dawn Drive, a fire hydrant replacement on Galaxy Road, electrical and telemetry testing at E&T22, reinstallation at New Linda Vista well pump, and working with a contractor on the Tucson National North engine repairs.

Ms. Bowen provided an update for the Northwest Recharge, Recovery, and Delivery System (NWRRDS) Project including the completion of the recovery well drilling final report, water quality investigation at well site #1, and design progress. A meeting was also held for the constructability review of the Metro-only portion of the project.

Mr. Patton provided an update regarding the condemnation item. Mr. Olsen recommended scheduling a future executive session tentatively in July or August to further discuss the details. Mr. Patton and the Board agreed an executive session would be helpful.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for March are both favorable when compared to a straight-line projection with revenue \$2,525,219 over budget and expenditures are \$1,391,539 under budget. The revenue in excess of expenditures is favorable by \$3,916,758. When comparing the total revenue to the prior fiscal year, revenue through March was 8.21% or \$1,476,081 higher than the total revenue in March of the prior year. The Metered Water Revenue is 7.57% or \$1,035,615 higher than the prior fiscal year. The historic average of budgeted water revenue billed by the end of March is 73% and the District has billed 82.76% of the budgeted water revenue through the end of March. The operating expenditures in March were \$41,514 lower than they were at the end of March in the prior fiscal year. The April cash deposit balance was \$21,237,423.75, which is \$185,934.64 lower than the March balance. The investments as of the end of April totaled \$11,520,280.25, which is \$165,568.11 higher than the March balance.

The Arizona State Treasurer Pooled Collateral Program Statement for March included \$11,342,100.27 of cash on deposit with collateralization coverage of \$11,058,942.28 in addition to the \$500,000 FDIC coverage.

The Capital One Bank Master Cards were used to purchase \$34,132.36 on the April statement with up to 1.25% cash back earnings. The cash back received from transactions processed in March totaled \$323.95 or 1.11%, with an inception-to-date cash back total of \$13,961.36.

Seventy-eight new meter applications were received in April with 13-meter applications for the Metro Main and Hub service areas and 65-meter applications for the Metro Southwest service area. There were 31 new meter applications received in April of the prior fiscal year. Year-to-date, 479-meter applications have been received compared to 342 at the same time in the prior fiscal year and all service areas have exceeded the budgeted new meter connections.

The District currently has 31 customers remaining on COVID payment plans with an outstanding balance of \$5,633.86.

C. Modifying the Agreement for Construction Services for the Phase I Avra Valley Recharge Project (AVRP) Improvements

Ms. Bowen stated that the Board originally authorized the General Manager to execute a contract with Borderland on February 8, 2021. In early March, Borderland stated that materials were not readily available. They continued to seek supplies for the project throughout March and into April. Staff learned that fittings were in short supply and delivery times were estimated at a minimum of 30 days and as much as 60 days. In mid-April, District staff reached out to suppliers to possibly secure pipe for the project. Pipe was located in California at about 20% higher cost compared to the original supplier quotes that Borderland had received. Additional costs may have also been incurred to ship the pipe to Tucson if the pipe could not be combined with other materials.

In April, Borderland stated that the material availability pushed up against their physical availability to do the work. They offered various alternatives including using a subcontractor, but no option was available that could complete the work by the June 30, 2021, deadline.

In order to ensure the ability to recharge water to the basins is not impacted, staff reached out to the Arizona Department of Water Resources (ADWR) to deliver the District's water to the basins between July 1, 2021 and December 31, 2021.

Under this scenario, Borderland has agreed to start construction no later than January 31, 2022 and finish construction by May 31, 2022.

The funding for this work will come from a combination of carryforward of the current fiscal year CIP budget for this planned work, delaying planned AVRPP upgrade work that was anticipated for Fiscal Year 2022, and reducing the planned design efforts on the Creeger Mainline Replacement. It is recommended that the Board authorize an extension to the performance period to Borderland to enable the work to start January 1, 2022 with a completion date of June 30, 2022.

Mr. Olsen stated that the District also has an obligation to store 3,500 acre-feet of the City of Phoenix's CAP water this calendar as part of the Inter-AMA firming agreements; the recharge of 3,500 acre-feet at AVRPP requires approximately 6 months.

Discussion ensued and staff answered questions regarding the extension of the agreement and the material shortages due to COVID-19.

Mr. Foulk moved to authorize the General Manager to extend the date of completion to June 30, 2022 for the agreement with Borderland Construction Company, Inc., for the construction of the Phase 1 Avra Valley Recharge Project Improvements. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

D. Approval and Award for Water Treatment Media Regeneration Annual Quotes for the District's Arsenic Treatment Media

Mr. Olsen stated that the District uses iron oxide adsorption media to remove arsenic at four production sites. The media can be regenerated by chemically stripping the adsorbed arsenic ions as opposed to purchasing new media each time a change out is required. Purolite is the only known vendor to possess the required Gold Seal certification to accomplish this media regeneration process. Purolite was also the only respondent to submit a bid request. As such, it is recommended that the District approve the arsenic media regeneration quote with Purolite.

Mr. Sarti moved to approve the annual quote for Water Treatment Media Regeneration and award Purolite the regeneration of the District's Arsenic Treatment Media. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

E. Approval of Quotes Submitted for the Emergency and Miscellaneous Electrical Services

Mr. Olsen stated that the wells and booster facilities that provide water to District residents are dependent on electrical systems and equipment for operation. These systems require regular maintenance and could fail at all hours of the day, necessitating emergency repair. While the

District has two full time electrical staff and one telemetry and instrumentation specialist, this job order agreement provides both emergency support capacity and the ability to augment District staff based on the particular electrical need. Staff recommends the Board authorize a job order agreement with Sabino Electric and SMS Construction to provide as-needed electrical support to the District.

Mr. Foulk moved to approve the pricing submitted by Sabino Electric Inc. and SMS Construction for the Emergency and Miscellaneous Electrical Services for use in Fiscal Year 2022 and to authorize the General Manager to enter into the job order agreements with each. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

F. Approval of Bids for Granular Activated Carbon (GAC) Replacement at the South Shannon Facility

Mr. Olsen stated that the District uses Granular Activated Carbon (GAC) at the South Shannon treatment facility to remove volatile organic compounds from the groundwater as part of an Arizona Department of Environmental Quality (ADEQ) funded cleanup initiative. This item is to approve job order contracts with the submitted GAC vendors. Staff will use the lowest available bidder as needed for each change out and will coordinate reimbursement for such change-outs with ADEQ.

Mr. Sarti moved to approve the bids submitted and to authorize staff to enter into the Job Order Agreements as appropriate with the vendors submitting bids. It is also recommended that the Board authorize the General Manager to approve each GAC change-out to the lowest available bidder, as needed. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 5-0.

VI. General Manager's Report

Mr. Olsen stated that the Board was previously briefed on Senate Bill 1366, extending the remediated water exemption, which was set to sunset in 2025, to 2050. This is important as water pumped from our South Shannon Treatment system is considered remediated water and is not debited from our water resource portfolio. Since the last Board meeting, Governor Ducey has signed the bill into law.

Over the next month, two of our long-term District employees will be retiring.

Kim McClure, our Utility Team Administrative Assistant, who has been instrumental in keeping the Team humming along by supporting the various annual bid processes, managing the on-call

list, and ensuring timely reporting to ADEQ on residual disinfection results, will be retiring after 25 years of service to the District.

Gary Burchard, our District Hydrologist II, who was key to AVRP operations, well drilling, tracking aquifer levels, and providing annual presentations to the Board, will be retiring after 21 years of service.

Both of these employees were instrumental in supporting the District mission and will certainly be missed.

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 June 14, 2021.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:37 p.m.

Judy Scrivener, Chair of the Board

Theo Fedele, Clerk of the Board