

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

**MONDAY, NOVEMBER 8, 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 (Participated Electronically)  
Lee Jacobs, Member

**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 6:00 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. Consent Agenda**

- A. Approval of Minutes – October 13, 2021 Board Meeting**
- B. Ratification of Billing Adjustments**

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

#### **IV. General Business – Items for Discussion and Possible Action**

##### **A. Monthly Status of the District**

Mr. Olsen stated that Fiscal Year 2022 consumption compared to last fiscal year-to-date continues to trend lower in all service areas with a 13.2% decrease in Metro Main, a 23.1% decrease in Metro Hub, and an 11.3% decrease in Metro Southwest.

As of the end of September, 9,959 acre-feet (AF) of the District's 9,960 AF Central Arizona Project (CAP) order has been stored at groundwater savings facilities, leaving 1 AF to be stored. Less than 500 AF of the City of Phoenix's water is left to be stored and is anticipated to be completed in December when CAP operations resume following the planned canal maintenance outage.

Last month, the Board was informed of a pilot hole that was drilled to support a new well in the Diablo Village service area. Drilling activities on the well have been halted due to the results of water quality analyses that showed elevated sulfate, total dissolved solids, and arsenic. Discussions are ongoing with the developer regarding potential alternatives.

Mr. Shepard provided an update on noteworthy maintenance projects.

Ms. Bowen provided an update on the Northwest Recharge, Recovery, and Delivery System (NWRRDS) Project including the Metro-only portion, the E&T 22 Well Replacement project, the Ironwood Wellsite project, and Oracle Road Corridor Mainline Replacement project.

##### **B. Financial Report**

Ms. Bracken stated that revenue and expenditures for September are both favorable when compared to a straight-line projection with revenue \$619,332 over budget and expenditures \$174,083 under budget. The revenue in excess of expenditures is favorable by \$793,415. When comparing the total revenue to the same month in the prior fiscal year, revenue through September was lower by 10.63% or \$760,640. The metered water revenue is lower by 6.78% or \$379,821 when compared to the same month in the prior fiscal year. The historic average of budgeted water revenue billed by the end of September is 30% and the District billed 28.11% of the budgeted metered water revenue as of the end of September. The operating expenditures in September were \$237,614 higher than they were at the end of September in the prior fiscal year. The October cash deposit balance was \$25,198,372.47, which is \$472,896.13 higher than the September balance.

The investments as of the end of October totaled \$12,985,997.55, which is \$335,813.08 higher than the September balance.

The Arizona State Treasurer Pooled Collateral Program Statement for September included \$12,759,396.13 of cash on deposit with collateralization coverage of \$12,504,584.05 in addition to the \$500,000 FDIC coverage.

The Capital One Bank MasterCards were used to purchase \$20,743.06 on the October statement with up to 1.25% cash back earnings. The cash back received from transactions processed in September totaled \$351.37 or 1.04%, with an inception-to-date cash back total of \$16,388.21.

Nine new meter applications were received in October for the Metro Main service area. There were 20 new meter applications received in October of the prior fiscal year. Fiscal year-to-date, 59-meter applications have been received compared to 176 at the same time in the prior fiscal year.

### **C. Approval of Employee Health Insurance Coverage**

Mr. Olsen stated that the District has historically offered two health insurance options for employees; a Health Savings Account (HSA) Plan and a Preferred Provider Organization (PPO) Plan. Last year, staff worked with the District's broker, Crest Insurance Group, to explore the potential for additional staff insurance options to better fit their specific needs and were able to offer a third plan that is a PPO plan with a lower deductible than the current PPO option but with a higher premium. This provided an additional choice for employees and their families.

This year, Blue Cross Blue Shield quoted the same three health insurance plan options as offered in calendar year 2021. The District's cost would be \$476,273 for 2022, which is a 7.97% increase. As the total projected increase in health insurance premiums is within the amount budgeted in the Fiscal Year 2022 Adopted Budget, it is recommended that the 2022 employee premiums remain the same or lower when compared to 2021. In reviewing the premiums, there was some slight balancing to ensure employee equity between the HSA and PPO options that would result in a slight decrease in some employee premiums.

The District also offers two dental insurance options, Employers Dental Service and MetLife. Both of these carriers are proposing a flat renewal with no increase.

The efforts of both the District's Human Resources Manager, Billie Sue Morelli, who coordinated the renewal with the Crest Insurance Group, and Ms. Bracken, who analyzed the District and employee premiums to ensure equitability for staff is appreciated.

Mr. Sarti moved to approve that Crest Insurance Group administer a contract for employee medical insurance with Blue Cross Blue Shield on the District's behalf for January 1, 2022 through December 31, 2022 and approve a contract for employee dental insurance with Employers Dental Service and MetLife for calendar year 2022. The General Manager is also directed to implement the employee deductions and HSA contributions as identified in the attached table. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

**D. Approving the Purchase Agreement for the E&T 22A Wellsite**

Mr. Olsen stated that at the November 2020 Board Meeting the Board approved land acquisition services to enable the E&T 22 replacement well, now called E&T 22A, to be drilled on land owned by the District. The negotiations with the property owner adjacent to the current E&T 22 wellsite have been completed and the value of the acquisition is \$18,200. It is recommended that the Board authorize the General Manager to execute a purchase agreement to finalize the land acquisition associated with the E&T 22A wellsite.

Mr. Jacobs moved to authorize the General Manager to execute the Purchase Agreement in the amount of \$18,200 for the acquisition of property rights for the E&T 22A Wellsite. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

**E. Approval of the Professional Hydrogeological Services for E&T 22 Replacement Well Drilling**

Mr. Olsen stated that the number 4 priority on the current year Capital Improvements Program is the replacement of the E&T 22 well. As with previous well drilling activities, the District's Miscellaneous Water Resources Consulting Services contract, currently held by Clear Creek Associates, is utilized to augment staff capability in the management and oversight of the well drilling. It is recommended that the Board approve Clear Creek's scope to support the E&T 22A well drilling in a not-to-exceed amount of \$103,289. This amount anticipates that staff will provide 30% of the field oversight and inspection activities.

Mr. Jacobs asked if stainless steel would be used on the well. Mr. Olsen stated that stainless steel is the District's standard material for well casing. Mr. Wilson stated that the glass beads is the filter pack.

Mr. Sarti moved to approve using Clear Creek Associates, LLC, under the Professional Services Agreement for Miscellaneous Water Resources Consulting Services, to perform hydrogeological program support for the E&T 22 replacement well drilling and testing for the not-to-exceed amount of \$103,289. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

**F. Approving the Exchange Agreement for the future Ironwood Wellsite**

Mr. Olsen stated that when the total dissolved solids for the planned NWRRDS recovery well was analyzed, it was determined that a blend well along the Metro-only transmission main would increase the amount of NWRRDS water that could be delivered and blended at the Herb Johnson Reservoir. An ideal site was located on Marana Unified School District (MUSD) property at their Ironwood Elementary school (in the area of Linda Vista Boulevard and Thornydale Road). The appraised value of the site is \$55,000. The District's decommissioned Rasmussen wellsite is no longer in use by the District but is located adjacent to MUSD's Butterfield Elementary school and could be put to beneficial use by MUSD. The Rasmussen site is valued at \$14,000 and would offset a portion of the purchase price for the Ironwood wellsite. The resulting cost to the District for the Ironwood wellsite is \$41,000. On behalf of staff, I would like to express our appreciation of MUSD staff for their willingness to arrive at this mutually beneficial exchange.

Mr. Jacobs moved to authorize the General Manager to execute the Exchange Agreement with the Marana Unified School District for the acquisition of property rights for the future Ironwood Wellsite in exchange for the property rights associated with the decommissioned Rasmussen Wellsite in the amount of \$41,000. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 5-0.

**G. Approval of the Professional Hydrogeological Services for Ironwood Well Drilling**

Mr. Olsen stated that as discussed in the previous agenda item, an ideal location has been determined to drill what is being called the Ironwood blend well. The drilling of the Ironwood blend well is the number 6 priority in the current year Capital Improvements Program with equipping of the well anticipated in Fiscal Year 2025. It is recommended that the District's Professional Services Agreement for Miscellaneous Water Resources Consulting Services with Clear Creek be leveraged to support drilling activities. Clear Creek's fee to provide these services is \$99,838, which anticipates staff performing 30% of the field oversight and inspection activities.

Mr. Sarti moved to approve using Clear Creek Associates, LLC, under the Professional Services Agreement for Miscellaneous Water Resources Consulting Services, to perform hydrogeological program support for the Ironwood well drilling and testing for the not-to-exceed amount of \$99,838. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

**H. Authorizing the General Manager to Execute Amendment No. 2 to the Contract for Final Design Services for Shared Portions of the Northwest Recharge, Recovery and Delivery System**

Mr. Olsen stated that at the February 2020 Board meeting the Board approved a contract with Carollo Engineers for final design services of the transmission main and forebay facility. This contract was amended in November 2020 to include design services for recovery well equipping, collector pipelines, chemical storage and feed systems, and revising the transmission main from 30-inch to 24-inch in diameter. Since then, more detailed cost estimates were performed based on the 95% design for the transmission main. The updated cost estimate for the transmission main is \$941,000 over budget based in large part due to the current increases in construction and material costs. In order to move this element of NWRDSD back within budget, the NWRDSD Partners explored cost saving alternatives and concurred, via Memorandum of Agreement (MOA) 21005-01, with eliminating one of the two forebay reservoirs and to instead construct one larger reservoir. This was deemed acceptable as the NWRDSD facility is for base flow only and the Partners concurred with NWRDSD not being operational during the maintenance of the single reservoir. This would result in a cost savings of approximately \$1,710,000.

In 2019, a conceptual cost estimate was developed for the well equipping and collector pipelines that was based on the 30% design. In July 2021, the opinion of probable costs was updated based on the 60% design. The updated cost estimate for this portion of NWRDSD was \$10.99 million and was considerably higher than the budgeted \$7.87 million. To bring the costs back within budget, the Partners agreed via MOA 21004-00 to defer equipping AVRW-01 and to only equip AVRW-02 and AVRW-03. These two wells would be able to provide the full NWRDSD capacity to Oro Valley and the District but would require a 100% duty cycle. As both the District and Oro Valley anticipate taking less than the full NWRDSD capacity in the initial years of operation, this was deemed a feasible solution. The cost savings to defer equipping AVRW-01 is \$2.42 million and, along with a number of other cost savings efforts, brings the construction cost estimate closer into alignment with the budget.

To achieve these cost savings efforts, the designs must be updated to reflect these changes. It is recommended that the Board authorize Amendment #2 with Carollo Engineers in a not-to-exceed amount of \$93,380 to perform these design revisions. This cost will be shared among the Partners based on the NWRDSD Intergovernmental Agreement (IGA) with the District's portion equaling \$38,530. There are a number of items that are still in the process of being resolved, such as previously unanticipated jacking-and-boring activities that could potentially result in an Amendment #3 being brought to the Board for consideration in the future once these potential design changes are finalized.

Mr. Sarti moved to authorize the General Manager to execute Amendment No. 2 with Carollo Engineers, Inc., for shared components of the Northwest Recharge, Recovery, and Delivery

System in an amount-not-to exceed \$93,380. Mr. Jacobs seconded the motion. Motion passed by a roll call vote of 5-0.

**I. Approval of an Intergovernmental Agreement with the Town of Marana and the Town of Oro Valley for the Northwest Recharge, Recovery, and Delivery System Additional Partnered Water Facility Construction**

Mr. Olsen stated that the NWRRDS IGA with Oro Valley and Marana includes cost sharing on infrastructure to include recovery wells, transmission main, and forebay storage but does not include the booster facilities and associated pipeline after the forebay that will convey the recovered water to the Party's respective service areas. In discussion with the NWRRDS Partners, it was determined that having three separate contractors construct the individual booster stations, at the same time as the NWRRDS contractor is constructing the forebay, would not be advisable due to space limitations and other factors. Over the past year, a separate IGA was drafted and negotiated among the Parties to enable a coordinated construction effort of the individual booster stations and associated pipeline. As District staff capacity is fully utilized in the delivery of the current NWRRDS agreement and the District's Capital Improvements Program, Oro Valley has volunteered to lead this coordinated construction effort.

The current NWRRDS IGA was used as the basis for drafting this supplemental IGA, which has gone through numerous rounds of edits and has been reviewed by the legal counsels of all Parties. This IGA will minimize the number of contractors working in the same vicinity, ensures the Parties receive competitive bids, and reduces the costs associated with procurement, construction management, and inspection services.

Oro Valley's estimated cost to administer the construction contract and perform inspection of the coordinated effort is a total of \$198,604.68 that would be split equally between the three Parties. For comparison, a consultant cost estimate to perform these same services is \$505,100.

Oro Valley's Mayor and Council unanimously approved this IGA on November 3, 2021, and Marana's Mayor and Council will consider this IGA at their December 7, 2021, meeting.

Mr. Jacobs recused himself from voting on this item due to his employment with the Town of Oro Valley and involvement in the project.

Mr. Sarti moved to approve the Intergovernmental Agreement with the Town of Marana and the Town of Oro Valley for the Northwest Recharge, Recovery, and Delivery System Additional Partnered Water Facility Construction, to authorize the General Manager to execute a contract with the Town of Oro Valley for construction management services in the amount of \$65,539.54, and

to authorize the General Manager to allocate additional funding in the amount of \$10,000.00 to cover any unforeseen costs. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

**VI. General Manager's Report**

Mr. Olsen stated that the Board likely noticed the new pavement and construction activity in the parking lot. Staff coordinated with the contractor to accomplish the parking paving replacement in three phases to ensure continued staff and customer access. Two out of the three phases have been completed and the third phase is anticipated to be completed this week. Thanks to the Board for supporting the number 5 priority in the Investments to Support the District Mission as the paving was over 20 years old and the wide cracks were beginning to cause safety issues.

**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 December 6, 2021.

**IX. General Comments from the Public**

There were no comments from the public.

**X. Adjournment**

The meeting adjourned at 6:31 p.m.

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Judy Scrivener, Chair of the Board

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Theo Fedele, Clerk of the Board