

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

**MONDAY, DECEMBER 7, 2020**

**\*\*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) arrived at 5:32 p.m.  
Bryan Foulk, 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  
Jeffrey L. Sklar, Legal Counsel (Participated Electronically)

**Executive Session**

**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 5:30 p.m. Bryan Foulk, Richard Sarti, and Judy Scrivener were present.

- I. Consideration of Action to go into Executive Session for the following purpose:  
Pursuant to §38-431.01.A.1 discussion of the annual performance and the  
employment contract of the General Manager.**

Mr. Foulk made a motion to adjourn into Executive Session. Mr. Sarti seconded the motion. Motion passed unanimously. The Board adjourned into Executive Session at 5:31 p.m.

Mr. Doyle arrived at 5:32 p.m. and participated in the executive session electronically.

The Executive Session concluded at 5:58 p.m.

## **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, Richard Sarti, and Judy Scrivener were present.

### **II. Evaluation of Annual Performance and Consideration of Action Regarding the General Manager's Employment Contract**

Mr. Foulk moved to increase the General Manager's salary by 1.5%, which is the same percentage merit increase available to all District staff and to apply the increase to deferred compensation. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

### **III. General Comments from the Public**

There were no comments from the public.

### **IV. Consent Agenda**

- A. Approval of Minutes – November 9, 2020 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Approval of Regular Board Meetings in 2021**
- D. Ratification of Bill of Sale Hacienda Sisters CCRC – Phase 2B On-Site (M-19-024)**

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

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

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

Fiscal Year 2021 consumption compared to last fiscal year-to-date continues to trend higher with consumption 10.2% higher in Metro Main, 10.1% higher in Metro Hub, and 12.8% higher in Metro Southwest.

As of today, less than 300 acre-feet (AF) of the District's 2020 Central Arizona Project (CAP) order remains to be stored at the Avra Valley Recharge Project (AVRP) with the City of Phoenix

and the Arizona Water Banking Authority planned storage complete. Storage is anticipated to be complete in advance of the end of this calendar year.

Responses to the Arizona Department of Water Resources (ADWR) deficiency letter for the District's assured water supply modification is anticipated to be submitted to ADWR in mid-December. The Arizona Department of Environmental Quality (ADEQ) is continuing their review of the inorganic chemicals (IOC) and synthetic organic chemicals (SOC) monitoring waivers at various sites for the 2021-2023 monitoring period. Tentative feedback was received this morning that ADEQ has approved the majority of the requested waivers.

Mr. Shepard provided an update on noteworthy maintenance projects. Staff replaced the arsenic media in the lead vessel at Lazy B. The Cresta Loma well was pulled for routine maintenance and staff performed preventative maintenance on the electrical system at Thornydale. The aeration system at the Shannon well was no longer operational and was removed. The well flow meter at Tucson National West was replaced.

Ms. Bowen stated that staff worked with the District's consultant to complete the 90% design for the Northwest Recharge, Recovery and Delivery System (NWRRDS) transmission main and forebay. Staff and the project Partners are currently reviewing the submittal.

Staff worked with the District's other consultant for the completion of the preliminary design of the well equipping and collector pipelines, which is anticipated to be completed by mid-December.

The recovery well drilling is nearing completion and staff anticipates the contractor will complete their work in December. The District's consultant will then begin analyzing the data from the drilling activities.

The District's contractor is continuing construction of the waterline relocation along Oracle Road. Staff are currently reviewing a request for additional time due to items outside the contractor's control.

Mr. Sklar stated that there is no update since the last Board meeting. The next status hearing is set for January 20, 2021. Mr. Foulk asked if the status hearing will take place in January or will it be postponed to a later date due to the Coronavirus. Mr. Sklar stated that the January status hearing is just a status checking conference. In terms of the trial, the Coronavirus is slowing things down and once trials begin to pick up, there will be a few months of back log. A trial for this case may not occur until the fall of 2021 possibly into 2022. Mr. Foulk asked if this would be a jury trial and Mr. Sklar stated that the trial would be before a jury.

## **B. Financial Report**

Ms. Bracken stated that revenue and expenditures for October are both favorable when compared to a straight-line projection with revenue \$2,156,254 over budget and expenditures \$481,370 under budget. The revenue in excess of expenditures is favorable by \$2,637,624. When comparing the total revenue to the prior fiscal year, revenue in October was 11.22% or \$976,576 higher than in October of the prior year. The Metered Water Revenue is 8.74% or \$595,666 higher than the prior fiscal year. The historic average of budgeted water revenue billed by the end of October is 39% and the District has billed 41.63% of the budgeted water revenue as of the end of October. The operating expenditures in October were \$37,952 lower than they were in October of the prior fiscal year. The November cash deposit balance was \$19,556,393.05, which is \$1,298,502.46 higher than the October balance. The investment balance as of the end of November was \$11,106,793.97, which is \$280,517.54 lower than the October balance.

The Arizona State Treasurer Pooled Collateral Program Statement for October included \$8,075,123.12 of cash on deposit with collateralization coverage of \$7,981,625.58 in addition to the \$250,000 FDIC coverage.

The Capital One Bank MasterCards were used to purchase \$31,551.04 on the November statement with up to 1.25% cash back earnings. The cash back received from transactions processed in October totaled \$388.99 or 1.04% with an inception-to-date cash back total of \$11,990.70.

Fifty-four new meter applications were received in November with 36-meter applications for the Metro Main and Hub service areas and 18-meter applications for the Metro Southwest service area. There were 22 new meter applications received in November of the prior fiscal year. Year-to-date, 230-meter applications have been received compared to 167 at the same time in the prior fiscal year.

After completing all four cycles of water disconnections for non-payment, the District has established 83 customer payment arrangements related to the COVID-19 pandemic with a beginning outstanding balance of \$51,202.99. Some payments have been made and the current outstanding balance is \$43,553.28 or 0.59% of the revenue billed through October.

### **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 (HAS) Plan and a Preferred Provider Organization (PPO)

Plan. Currently, the District's provider is Blue Cross Blue Shield. 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. Based on the number of District employees, the District is considered a small group with a middle market that covers between 51-99 employees. This means, the District is able to select only from standard plans as opposed to crafting a customized plan. As such, staff reviewed numerous PPO and HSA style plans from multiple providers.

Blue Cross Blue Shield is offering a 5% increase for the current HSA and PPO plan that District employees utilize. Additionally, up to two more plans could be offered to employees at no additional cost to the District provided that the plans are all from the same carrier. This year, it is recommended that a third plan be offered to employees that is a PPO plan with a lower deductible than the current PPO option but with a higher premium. This could be a more appropriate choice for employees and their families based on their specific situation. Staff recommends that the District cover roughly 60% of the total increase in cost with the remaining 40% covered via employee premiums. With this increase, the District would be covering between 61% and 90% of the total cost of health insurance based on if the coverage is for the employee and their family or for the employee only. During next year's renewal process, staff hopes to find an additional HSA option for employees to consider but that will be based entirely on the available standard plans.

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.

Mr. Sarti moved to approve that Crest Insurance administer a contract for employee medical insurance with Blue Cross Blue Shield on the District's behalf for January 1, 2021 through December 31, 2021 and approve a contract for employee dental insurance with Employers Dental Service and MetLife for calendar year 2021. The General Manager is also directed to implement the employee deductions and HSA contributions as identified in the attached table. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

#### **D. Authorization for the Release of Easement to the Former Matter Property**

Mr. Olsen stated that prior to the formation of the District, an easement was dedicated to Metro Water Company for the Matter recovery well and associated distribution infrastructure. This infrastructure has since been abandoned or removed and the District no longer has use of the easement. It is recommended that the Board authorize the release of the easement.

Mr. Foulk moved to authorize staff to release the easement described in the agreement as recorded under Docket 9081, Page 986. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

## **VI. General Manager's Report**

Mr. Olsen stated that the Bureau of Reclamation accomplishes a monthly forecast for the health of the Colorado River System to include the projected elevation at Lake Mead. While Lake Mead will remain in a Tier 0 shortage condition in calendar year 2021, due to lower than anticipated precipitation in the Upper Basin, the Bureau's November forecast now predicts a much greater probability of at least a Tier 1 shortage condition in 2022. The forecast now estimates that Lake Mead elevation at the end of 2021 will be at 1,073 feet above sea level, two feet below the trigger point for a Tier 1 shortage. Under the current Tier 0, Arizona voluntarily foregoes 192,000 AF of water annually but a Tier 1 shortage reduces Arizona's share of Colorado River water to a total of 512,000 AF. Last week, Tom Buschatzke, the Director of ADWR, highlighted the importance of leveraging the Drought Contingency Plan (DCP) style agreements to potentially avoid a Tier 1 shortage in 2022 but reminded everyone that the DCP was not crafted to prevent a Tier 1 shortage as much as to avoid deeper shortage conditions and impacts to Arizona.

The most recent Arizona Water Banking Authority Commission meeting included discussions on CAP orders and available water for 2021. The authorization for Colorado River that is going to CAP is 1.4 million AF with 192,000 AF going to DCP for the Tier 0 shortage as well as 72,000 AF in system losses. Therefore, CAP plans to deliver only 1.14 AF plus 258,000 AF to the agriculture settlement pool. In 2021, there is no excess water pool to deploy for storing for future needs or firming obligations.

Traditionally, the District hosts a holiday party for all staff and the Board. To ensure social distancing, we will ensure adherence with social distancing guideline by holding six different holiday parties with smaller groups honoring and acknowledging the hardworking water professionals who have continued to support the District's mission throughout this year.

## **VII. Legal Counsel's Report**

Mr. Sklar said he had nothing to report.

## **VIII. Clerk of the Board Updates; Future Meetings**

The next regularly scheduled Board meeting will be held on January 11, 2021.

## **IX. General Comments from the Public**

There were no comments from the public.

**X. Adjournment**

The meeting adjourned at 6:27 p.m.

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Judy Scrivener, Chair of the Board

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Theo Fedele, Clerk of the Board