

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

August 11, 2003

**** Board Room ****

**Metropolitan Domestic Water Improvement District
6265 N. La Cañada Drive
Tucson, AZ 85704**

MINUTES

Board Members Present: Dennis Polley, Chair
Suzanne Downing, Member
James Tripp, Member
Jim Doyle, Member

Not Present: Dan M. Offret, Vice Chair

District Staff: Mark Stratton, General Manager
Keri Silvyn, Legal Counsel
Warren Tenney, Clerk of the Board
Alice Stults, Recorder

Regular Session

I. Call to Order and Roll Call

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:02 p.m. Dennis Polley, Suzanne Downing, Jim Doyle, and James Tripp were present. Dan M. Offret was not present.

II. General Comments from the Public

Mr. Tripp expressed his appreciation to staff for their efforts on assisting him, as the designated officer, on the June 12 and July 17, 2003 Public Hearings. He said the hearings went well and he was pleased with the outcome.

Mr. Polley congratulated Reb Guillot and John Kulakowski, both of the Sabino Vista Homeowners Association, on the successful annexation of the Hub Service Area into Metro Main. He thanked them for their continuous hard work on securing the successful annexation, particularly the obtaining of Tucson's Mayor and Council's consent. A cake and balloons were on hand for the

celebration. Mr. Guillot and Mr. Kulakowski noted that their efforts were enhanced by the District's support.

Ms. Downing suggested that an open-house be planned in the near future to welcome the Hub Service Area customers as official members of the District. The other Board members agreed. Mr. Stratton said staff would plan the event.

III. Consent Agenda

- A. Approval of Minutes – July 14, 2003 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Water Service Agreement – Orange Grove Medical Offices.**

Mr. Tripp made a motion to approve the consent agenda. Ms. Downing seconded the motion. Motion passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mr. Stratton said revenues and water usage was down from last month due to the cooler weather and rain. He noted that this is typical for this time of the year.

Mr. Stratton explained that work on the Magee Road Transmission Main had been slowed due to issues regarding materials not being supplied to the contractor. The contractor has received the materials and the work is back on schedule.

Regarding the Thornydale Well, Mr. Stratton said staff anticipates having it back on line by the end of August. The purging at the well is almost complete at this time.

Mr. Stratton said plans were re-submitted for the La Cholla relocations due to roadwork by Pima County. As of this date, the District has not received any word from Pima County Transportation on the re-submitted plans. Mr. Stratton noted that he would be meeting with Pima County Transportation to discuss issues surrounding the timing of the project.

Mr. Stratton said the notice to proceed was given to Tricon Contracting, Inc., last month for the La Cañada water line modifications and improvements. Tricon was awarded the contract at the July 14, 2003 Board meeting after the contractor who was originally awarded the contract could not produce the required proof of insurance.

Ms. Downing asked if the insurance requirements were included with the information the District provided on the original request for bids. Charlie Maish, District Engineer, said that instructions are provided to the bidders regarding the insurance requirements; however, at the time bids are submitted bidders are only required to submit a surety bond. Ms. Downing asked if the District could require companies that submit bids to provide the insurance at the time the bid is submitted.

Mr. Maish said that companies would not be willing to enter into an insurance policy and pay the premiums unless they are awarded the bid. Ms. Downing asked how frequently contracts are awarded only to have the bidder unable to produce the required insurance. Mr. Maish noted that this was the first time it had happened to his knowledge.

Mr. Tripp asked about vibration testing for Herb Johnson Reservoir motors and pumps. Steve Dean, Utility Superintendent, said testing was completed last year on a number of wells and is being followed up again this year. He explained that the vibration ratings are ranked between 1 and 3. Tests that indicate a rating of 1 are considered a priority. If this occurs, the well's motor and pump are pulled for repairs immediately.

B. Financial Report.

Mike Land, Chief Financial Officer, said the audit of the District's financial records will begin two weeks from today's date. He explained that it is anticipated the process would go much quicker this year.

C. Discussion of Donations to Other Entities.

Mr. Stratton said it was mentioned at the July 14, 2003 Board meeting that the Tucson/Almaty Sister Cities Program Committee was asking for donations to send a group of students in a Mariachi band to Almaty. Based on those discussions, staff contacted legal counsel regarding the legalities of the District donating funds. Mr. Stratton said legal staff advised that unless the donation is somewhat related to the primary function and purpose of the District, under the Arizona State Statutes, the donation is not appropriate. He explained that a donation, for example, related to water conservation or xeriscape landscaping to a non-profit group would be considered related to the primary function of the District. Mr. Stratton suggested that a policy for donating District funds be created and approved by the Board so that guidelines can be established.

Ms. Downing said she would like the District to be able to donate bottled water to youth group functions. Mr. Stratton noted that staff has been researching the possibility of bottling its own water. For an entry level bottling system the cost would be approximately \$30,000 for the equipment, and a space would need to be provided. Mr. Stratton said that staff will provide complete information to the Board when it is obtained for possible consideration of inclusion of the bottling system in the 2004/2005 fiscal budget.

D. Approval of Membership in the Water Conservation Alliance of Southern Arizona.

Mr. Tripp made a motion to approve continued funding for the Water Conservation Alliance of Southern Arizona through the contribution of \$21,443.72 for Fiscal Year 2003/2004. Mr. Doyle seconded the motion.

Ms. Downing asked if the Water Conservation Alliance of Southern Arizona (Water CASA) was planning to schedule water conservation workshops for the fall. Mr. Tenney said that a workshop was held in the spring, and another workshop could be planned for the fall.

Val Little, Manager of Water CASA, said she would like to participate in the celebration event planned for the Hub Service Area by providing information to the customers. She added that she would also assist District staff in following up on obtaining information for the District to bottle its own water.

The motion to approve continued funding for the Water Conservation Alliance of Southern Arizona through the contribution of \$21,443.72 for Fiscal Year 2003/2004 passed unanimously.

E. Approval of Chip Seal and Slurry Annual Quote for Utility Division.

Mr. Tripp made a motion to approve the Chip Seal and Slurry Seal Annual quote as presented by staff, and direct staff to use another appropriate bidder if performance or quality of a service of the low bidder does not meet the District's needs. Mr. Doyle seconded the motion. The motion passed unanimously.

F. Presentation of and Direction requested for Findings from South Shannon Treatment System Modification Study and Recommendations.

Mike Block, District Hydrologist, provided a presentation and explained the history, performance, trends, and challenges for the treatment system. He said the South Shannon Treatment System became operational during July 1997. The cost for the facility and system was approximately \$120,000. The water flow is divided into six areas within the treatment system facility, with a design flow of 650 gallons per minute. Volatile Organic Compounds (VOC) are diffused through air bubbles in the water. The original treatment capacity for removal of Perchloroethylene (PCE) concentration was at 10 parts per billion (ppb) with 90% removal. The actual operational removal capacity is 95%.

Mr. Block said VOC levels have increased with time at South Shannon and have surpassed the treatment capacity design. The well flow rates have been reduced by half for the treatment system to effectively remove VOCs causing an increase in the well electrical consumption. The well is currently operating at 350 gallons per minute, which has lowered the historical annual production rate of 650 gallons per minute. Mr. Block added that it is uncertain, based on the low production at South Shannon Well, if it is still preventing VOCs from migrating towards the Deconcini Well. During 2003, VOCs were detected four out of the eight times samples were obtained after the treatment system. Mr. Block said the levels of VOCs are very low at this time although they are increasing yearly.

Regarding the operating and maintenance reimbursement agreement between Metro Water and ADEQ, Mr. Block said there is an annual cap of \$35,000 per year contingent upon the availability of WQARF funds from the legislature each year. The agreement covers analytical laboratory costs, electrical usage by the treatment system, O&M labor costs, personnel costs associated with the

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treatment system performance monitoring, and reports to ADEQ. During 2002, the \$35,000 was slightly exceeded.

Mr. Block explained that staff reviewed three treatment modification options to the system. The first option considered was to replace the existing aeration system with a new robust aeration system. The second option was to utilize the existing aeration system and add on a granular activated carbon unit to remove any of the residual contaminants that were not treated by the first process. The third option was to replace the existing aeration system with granular activated carbon units. Mr. Block said that all the options meet the future treatment level requirements. Option number one would have an annual cost of approximately \$94,700; the cost for option two would be \$108,500; and the cost of option three would be \$312,100. Mr. Block said the District would see an increase in the annual O&M costs of approximately \$4,000 to \$8,000; therefore, it would be necessary for the District to request an increase in the reimbursement cap from ADEQ.

Mr. Block noted that the District has requested that ADEQ complete a public health risk assessment on each treatment option. He explained that the request was made because a health risk assessment was beyond the scope of the Treatment Modification Study completed by Malcolm Pirnie and potentially higher VOC concentrations might be an issue of air quality concern from customers living in the vicinity of the treatment system.

Mr. Stratton said another concern is the ability of the State to continue to fund the WQARF program and to reimburse the District for its costs. Mr. Stratton said the District would be responsible for the initial cost for the treatment modifications to the system, with the State reimbursing the District over a period of time. He added that if ADEQ provided funds, ADEQ would require additional costs involved for a carbon based air filtration system for the entrapment of the air in the VOC treatment so that it is not released into the air per policy of the State. Mr. Stratton said the District will need to decide whether or not it will fund the treatment system independent of the WQARF program or meet their requirements for funding provided that it will be available in the future. If the District elects not to have ADEQ reimburse costs, it will only need to meet the air quality requirements of Pima County. He noted that at this time the District does meet the air quality requirements of Pima County.

Mr. Stratton said it is becoming apparent the District will be funding the modifications to the treatment system on its own. He said staff is determining if the District can gradually phase in its capital investment so that immediate needs can be funded for a portion of the capital cost for the treatment system modifications. He noted that the level of treatment required at this time is not as high as it will be in the future.

Mr. Doyle asked if additional aeration equipment was added would the existing 250 gallon storage tank require downsizing. Chris Hill, Deputy Manager, said that the aeration systems would be replaced and the 250 gallon storage would remain. Mr. Doyle asked if the activated carbon is considered hazardous waste. Mr. Block said that the material is hazardous waste and is extracted and clean materials are put in its place. Mr. Stratton said that also being considered was to have Malcom Pirnie evaluate, with the preferred recommendations, the District having a scrubber to clean the VOCs as a final step to reduce the overall costs.

Mr. Stratton said that in the past there has been open communication with the customers in the South Shannon service area. He suggested a public meeting be held to provide the customers with the information on the South Shannon Treatment system Modification Study and Recommendations. Mr. Hill added that Risk Analysis figures would also be provided at that meeting. Mr. Doyle pointed out that if the District does its own scrubbing these costs would be considerably less. He said that noise mitigation should also be discussed in the public meeting. Mr. Hill said there are silencers currently on the system to mitigate the noise, and sound enclosures could also be added.

Ms. Downing said she would like to know the cost of the possible option of a scrubber before proceeding with a public informational meeting. The Board members agreed that more information was needed before the Board could act.

Mr. Stratton explained staff would begin the process of setting up an informational public meeting for the customers in the South Shannon service area. However, he noted that staff would also obtain additional information from Malcom Pirnie to be brought back to the Board for consideration.

G. Update of Annexation of Metro-Hub Service Area.

Mr. Stratton said he wanted to recognize the tremendous efforts put forth by Reb Guillot and John Kulakowski on the efforts to successfully achieve the Hub annexation into the Metro Main Service Area. He also thanked Steve Emerine and Warren Tenney for their assistance in this accomplishment.

V. General Manager's Report

Mr. Stratton explained that participants of the Managed Recharge Storage Facility Permit continue to work with ADWR to finalize the permit. All the participants are in agreement; however, they do not agree with a clause in the Aquifer Protection Permit which addresses discharge of effluent to the Santa Cruz River.

Mr. Stratton said there are two issues SAWUA members have been discussing. The first is the User Obligation Bond concept to be added as another financial tool for the multi-jurisdiction infrastructure financing legislation that SAWUA introduced last year. Mr. Stratton said that SAWUA members are waiting to see a detailed proposal drafted by Greg Swartz.

The second item being looked at by SAWUA is exempt wells. The proposal would preclude any new exempt wells from being drilled within a service area of a large municipal provider with an active management area. New exempt wells, in areas where they would still be allowed, would be exempt from consideration by ADWR in hydrological studies. SAWUA has met with a few Legislators who are receptive to the proposal.

Mr. Stratton said ADWR held its first omnibus meeting for upcoming legislation. Later this month there will be a legislative study session to familiarize the Board with proposed legislation for this year.

Regarding groundwater savings facilities, Mr. Stratton said this issue deals with an agricultural pool requirement that the participants use a portion of the CAP agricultural pool prior to using any CAP for or in lieu of ground water savings credits. Mr. Stratton said that he and Mark Myers will discuss this issue with CAWCD and will keep the Board apprised of any new information.

Mr. Stratton said the fire hydrants at Barcelona Manor have been constructed and pressure testing will occur over the next several days. It is anticipated they will be on line within the next week.

VI. Legal Counsel's Report

Legal Counsel had nothing further to report.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board is September 8, 2003 at 6:00 p.m. A study session is scheduled for August 25, 2003 at 5:30 p.m.

VIII. General Comments from the Public

There were no comments from the public.

VIII. Adjournment

The meeting adjourned at 7:20 p.m.

Dennis Polley, Chair of the Board

Clerk of the Board