

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

**JULY 10, 2017**

**\*\* Board Room \*\***

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

**MINUTES**

**Board Members Present:** Judy Scrivener, Chair  
Jim Doyle, Member  
Helen Ireland, Member  
Dan M. Offret, Member

**Board Members Not Present:** Bryan Foulk, Vice-Chair

**District Staff:** Joseph Olsen, General Manager  
Sheila Bowen, Deputy General Manager / District Engineer  
Diane Bracken, Chief Financial Officer  
Steve Shepard, Utility Superintendent  
Theo Fedele, Clerk of the Board  
John Hinderaker, Legal Counsel

**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, Helen Ireland, Dan M. Offret and Judy Scrivener were present. Bryan Foulk was not present.

**II. General Comments from the Public**

William Killian, a District resident, asked how his meter is read when there is a lot of dirt that fills the meter box. Mr. Shepard stated some meters are read either electronically or manually. If read manually, the dirt in the box is moved to read the meter but when the lid is put back on it could push some dirt back into the meter box. Mr. Olsen stated that staff would follow up with Mr. Killian regarding whether he has an electronic or manual read meter.

### **III. Consent Agenda**

- A. Approval of Minutes – June 12, 2017 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Starbucks – SWC – Orange Grove and La Cholla (M-16-015)**

Ms. Ireland made a motion to approve the consent agenda. Mr. Offret seconded the motion. Motion passed unanimously.

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

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

Mr. Olsen stated that total consumption among all service areas for Fiscal Year 2017 was approximately 1% higher than Fiscal Year 2016. All service areas showed a small increase in consumption this fiscal year over last, likely due to factors including weather and new meter connections. Even though the demand was higher, Fiscal Year 2017 was still one of the lowest overall consumption years on record for the District.

The Utilities team coordinated and replaced an 8-inch tee and two valves at Metro Hub. Staff made many adjustments due to unanticipated site and infrastructure conditions including rescheduling the planned outage and deploying additional staff resources to ensure minimal interruption of service to District residents.

The tie-in to the E&T22 pressure tank was completed and CJ Meyer, Utility Supervisor for Maintenance, will elaborate further during his presentation.

Central Arizona Project (CAP) has published their proactive maintenance outage period which will occur between October 18 – November 22, 2017. Even with the outage, the District is on track to store all the planned water orders this calendar year including the District's CAP order at the Avra Valley Recharge Project (AVRP) and various groundwater savings facilities (GSF), as well as the City of Phoenix inter-AMA firming water.

Based on the final well installation report issued by Clear Creek, the well capacity of the new Oracle Jaynes 2 (OJ2) replacement well is estimated at 800 gallons per minute (gpm). James Lewis, Engineering Manager, will elaborate further on the OJ2 replacement well during his presentation.

Oversize work at Avilla Pima Canyon continues with the 12-inch water mains installed and the other main installation ongoing. Staff also continues the coordination of the Regional Transportation Authority (RTA) work impacting District infrastructure on Valencia Road. Pima

County has requested that the relocation activities on Valencia Road be completed by December of this year.

Mr. Offret stated that he is pleased that the valves are being exercised at a higher rate and hopes the program will continue. Mr. Olsen stated that the program will continue and the amount of valves exercised each month may vary based on other work activities.

### **B. Financial Report**

Ms. Bracken stated that revenue and expenditures through May are both favorable with revenue of \$18,863,655 and expenditures totaling \$9,289,043. Private fire risers, interest income, Pima County Wastewater sewer billings, and development revenue have all exceeded the budgeted amount. Metered Water Sales are ahead of the budget and projected to be \$392,943 higher than budgeted using a straight-line projection, however; actual revenue collected in June is generally higher than a straight-line projection. Meter Water Sales for the fiscal year are estimated to be favorable by about \$650,000. A five and ten year historic average of Metered Water Sales revenue collected through May is 90% and the District has a favorable position this year at 93.7%. All operating expenditures are under budget with the exception of regulatory fees, which are \$4,098 over budget using a straight-line projection. Revenue in excess of operating expenditures is favorable by \$1,423,234 dollars when compared to the budget as of the end of May. Revenue as of the end of May is higher this fiscal year by \$1,169,207, and expenditures are \$13,319 higher than they were in the prior fiscal year.

The Arizona State Pooled Collateral Program Statement for May provided the District with FDIC insurance and collateralization coverage of \$4,149,825.88.

The American Express Corporate Accounts Payable Solution card was used for a total of \$48,198.39 with a 1% savings of \$481.98 and an inception to date District savings of \$22,833.76.

Seven new meter applications were received in June compared to 11 meter applications in June 2016. A total of 22 meter applications were received for Metro Main and Hub and 101 meter applications were received for Metro Southwest this fiscal year. The budget projected to receive 15 new meter applications in Metro Main and Hub and 63 new meter applications for Metro Southwest this fiscal year.

The District purchased Metro Southwest in December 2009 and the deeds were recorded on December 30, 2009. The purchase agreement required the District to pay premiums on all new meter connections for a period of 7½ years. The new meter applications listed as of June 30, 2017 fulfill this District obligation.

On June 29, 2017, the District auditors from HintonBurdick completed inventory testing, financial internal control checks, and risk assessment testing which included interviewing the General Manager, Chief Financial Officer, Accounting Supervisor, and Human Resources Manager. The audit team will return on August 14, 2017 to conduct the annual audit fieldwork for Fiscal Year 2017.

Mr. Olsen stated that the auditors will be present at the August 14, 2017 Board meeting. The completion of the purchase agreement at Metro Southwest means that the revenue from any new Metro Southwest Diablo Village meter connection fees can be invested in the infrastructure needs at Metro Southwest as well as provide additional options moving forward in various capitization efforts

**C. Approval and Award for Electrical Work at Oracle Jaynes Station 2**

Mr. Olsen stated that to achieve the greatest financial efficiency for District residents in the replacement of the Oracle Jaynes well with Oracle Jaynes Station 2 well (OJ2), it was determined that the existing storage tank, generators, and boosters could be utilized to support the operation of the new well. To accomplish the electrical work associated with this task and to continue progress on getting OJ2 operational, quotes were solicited from the District's electrical services job order contract and Kelly Energy was the lowest quote at \$35,853.

Mr. Offret made a motion to approve the electrical work for the Oracle Jaynes Station 2 well and award the work to Kelley Energy Inc. in the amount of \$35,853 and authorize the General Manager to approve additional funds up to \$5,000 for any unforeseen issues that may arise. Ms. Ireland seconded the motion. Motion passed unanimously.

**D. Update on Oracle Jaynes 2 and E&T22**

Mr. Olsen stated that some months the Board is asked to take action on numerous items and other months there are only a couple items for Board consideration. During the lighter meetings is an opportunity for educational presentations on District activities to help provide the Board with additional context on how the District is able to accomplish its mission to "deliver safe, reliable water to our customers."

Mr. Meyer provided a presentation on the enormous work that has been accomplished in-house by staff over the past year and a half at E&T22.

Mr. Offret asked the size of E&T22. Mr. Shepard stated that the portion that the District owns is 200' by 200' along with an additional adjacent easement.

Mr. Olsen stated that due to the depth of talent among staff, the E&T22 work was able to be accomplished in-house without the need for a contractor or to expend substantial financial resources to hire additional skill sets.

Mr. Lewis provided a presentation on the historical activities and the current status at the Oracle Jaynes Replacement well.

Mr. Lewis stated that as part of the site investigation an exploration well was drilled which will serve as a monitoring well. Mr. Offret asked how deep the monitoring well is. Mr. Lewis and Wally Wilson, Water Resources Manager, stated that the well was drilled to roughly 1,000 feet and cased to 750 feet.

Mr. Olsen stated that the Board will be considering Oracle Jaynes action items over the next couple of months as the project moves forward. When this project is completed there will be a number of acres not utilized on the existing property that could be used for additional material and equipment storage and / or removed from the District's inventory via a public real estate sale.

Ms. Scrivener stated that the presentations were very beneficial and requested additional presentations on other informative topics at future meetings.

**V. General Manager's Report**

Mr. Olsen said that it was announced last month that CAP would be releasing the \$924,000 to the District to satisfy the provisions of the reliability agreement and the funds have since been received.

As part of the Northwest Recharge, Recovery, and Delivery System (NWRRDS) intergovernmental agreement, the Towns of Oro Valley and Marana have moved forward with the creation of escrow accounts that the District will be able to draw from as invoices are received on the design and construction activities associated with NWRRDS. The parties agreed that it was important to set up these accounts in preparation of the full scale design phase, even if no obligations are immediately anticipated.

On July 27, 2017, Mr. Olsen and the directors of other water providers in the Tucson Region will attend the Governor's Water Augmentation Council's Recycled Water Committee. The goal of the meeting is to have a formal motion passed that includes increasing effluent credit accrual for effluent stored in managed recharge projects, removing the prohibition on direct potable reuse, and eliminating or delaying the sunset on the accrual of effluent water credits beyond the current sunset of 2025 as stated in the statutes. Should the motion pass, the next step will be for the full Governor's Water Augmentation Council to review the recommendations and hopefully propose legislation for consideration in the next legislative session.

**VI. Legal Counsel's Report**

Mr. Hinderaker said he had nothing to report.

**VII. Clerk of the Board Updates; Future Meetings**

The next regularly scheduled Board meeting will be held on August 14, 2017.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 6:54 p.m.

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Judy Scrivener, Chair of the Board

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Theo Fedele, Clerk of the Board