

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

MONDAY, JANUARY 11, 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

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)

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. Election of Chair and Vice Chair for the Board of Directors

Mr. Foulk moved for Judy Scrivener to continue to serve as the Board's Chair and for Richard Sarti to continue to serve as the Board's Vice Chair through 2021. 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 – December 7, 2020 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Accounts Removed from Active Accounts Receivable**
- D. Ratification of Bill of Sale for DV1 & DV2 Auxiliary Pumps (M-19-010)**
- E. Approval of Water Service Agreement for Hacienda Sisters CCRC, Phase 3A (M-20-008)**

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

Mr. Olsen stated that the Fiscal Year 2021 consumption compared to last fiscal year-to-date continues to trend higher with consumption 10.2% higher in Metro Main, 10.9% higher in Metro Hub, and 11.7% higher in Metro Southwest.

All of the planned Central Arizona Project (CAP) storage for the District, City of Phoenix, and the Arizona Water Banking Authority for calendar year 2020 was successfully completed.

The District has received a Director's modification to the Avra Valley Recharge Project (AVRP) Underground Storage Facility (USF) permit from the Arizona Department of Water Resources (ADWR). This modification allows the District to proceed with the replacement of a weir that measures water deliveries to AVRP with new metering infrastructure to enhance the accuracy of measuring delivered water and to reduce the discrepancies between our measuring device and the CAP billing meter. The plan is to accomplish this metering infrastructure via the Capital Improvement Program (CIP) in the current fiscal year and to accomplish more significant enhancements to recharge capacity in a future fiscal year.

On December 8, 2020, staff submitted responses and the requested additional physical availability modeling to ADWR regarding the request to modify our Designation of Assured Water Supply to remove reliance on Central Arizona Groundwater Replenishment District (CAGR). We are still awaiting ADWR's final review.

Mr. Shepard provided an update on noteworthy maintenance projects. The Hardy Booster #1 was pulled due to a mechanical seal leak and should be back in service later this week. Staff repaired a 2" steel mainline at E&T as well as a 4" AC main in Metro Main in the Oracle Road and Ina Road area. Two fiberglass meter vaults were repaired in Metro Main. Staff repaired a variable frequency drive (VFD) #3 at Herb Johnson that experienced a failed cooling fan.

Ms. Bowen provided an update on the Northwest Recharge, Recovery, and Delivery System (NWRRDS) Project including the Metro-only portion of the project. The drilling is complete at the three recovery wells. The District's contractor is continuing construction of the waterline relocation along Oracle Road.

Mr. Sklar stated that there is no update on the condemnation item since the last Board meeting. The next status hearing is set for January 20, 2021.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for November are both favorable when compared to a straight-line projection with revenue \$2,604,205 over budget and expenditures \$766,856 under budget. The revenue in excess of expenditures is favorable by \$3,371,061. When comparing the total revenue to the prior fiscal year, revenue through November was 11.28% or \$1,217,393 higher than the total revenue in November of the prior year. The Metered Water Revenue is 8.71% or \$735,411 higher than the prior fiscal year. The historic average of budgeted water revenue billed by the end of November is 47% and the District has billed 51.54% of the budgeted water revenue through the end of November. The operating expenditures in November were \$43,323 lower than they were at the end of November in the prior fiscal year. The December cash deposit balance was \$20,061,008.19, which is \$504,615.14 higher than the November balance. The investment balance as of the end of December was \$11,085,298.17, which is \$21,495.80 lower than the November balance.

The Arizona State Treasurer Pooled Collateral Program Statement for November included \$9,035,332.13 of cash on deposit with collateralization coverage of \$8,961,038.77 in addition to the \$250,000 FDIC coverage.

The Capital One Bank MasterCard's were used to purchase \$35,343.86 on the December statement with up to 1.25% cash back earnings. The cash back received from transactions processed in October totaled \$362.53 or 1.15% with an inception-to-date cash back total of \$12,353.23.

Forty-five new meter applications were received in December with 26-meter applications for the Metro Main and Hub service areas and 19-meter applications for the Metro Southwest service area. There were 13 new meter applications received in December of the prior fiscal year. Year-to-date, 275-meter applications have been received compared to 180 at the same time in the prior fiscal year.

The District currently has 90 customers on payment plans related to COVID with an unpaid balance of \$37,484.27, which is down \$6,069.01 from the prior month.

C. Discussion and Possible Action to Fill the Board of Directors' Vacancy

Mr. Olsen stated that before Mr. Dan M. Offret passed away in October, he was appointed by the Pima County Board of Supervisors to continue serving on the Board for the four year term from January 1, 2021 to December 31, 2024. According to A.R.S. 48-1012C, "if a vacancy in the district board occurs due to death, the board of directors of the district shall appoint a qualified elector of the district to fill the office for the remaining portion of that term."

Lee Jacobs, the current Vice Chair of the Finance Oversight Committee, has volunteered to honor Mr. Offret's legacy of service to the District and fill Mr. Offret's position on the Board.

Mr. Jacobs has 20 years of experience in the water sector, is a registered professional engineer (civil), and is currently the Water Utility Engineering Division Manager for the Town of Oro Valley. Mr. Jacobs was previously the Utility Director for the City of Nogales, possesses numerous Arizona Department of Environmental Quality (ADEQ) Operator Certifications, and is very familiar with the District's largest capital initiative, NWRRDS.

His broad water sector knowledge will help fill the gap left by the passing of Mr. Offret.

Mr. Sarti moved to appoint Lee Jacobs to fill the vacancy left by the passing of Mr. Dan M. Offret, for the remainder of Mr. Offret's term, which ends December 31, 2024. Mr. Foulk seconded the motion. Motion passed by a roll call vote of 4-0.

D. Authorizing Potholing of Underground Utilities for Northwest Recharge, Recovery and Delivery System (NWRRDS)

Mr. Olsen stated that the Board previously approved Carollo Engineers to accomplish the final design of the NWRRDS transmission main, forebay facility, and well collector pipelines. As part of this effort, 30 locations were identified where potholing activities need to take place to ensure the correct location of existing utilities to avoid costly changes during construction.

Per the City of Tucson Cooperative Job Order Contract, Tricon Contracting provided a bid of \$52,625 to perform these 30 potholes. Per Memorandum of Agreement 20009-00, the NWRRDS Partners of Marana and Oro Valley will reimburse the District \$10,688.54 and \$20,968.23 respectively for this work.

Funding for this effort is included in NWRRDS Package 3 – Transmission Main and Package 6 – Well Equipping.

Mr. Foulk moved to authorize the General Manager to execute an agreement for underground utility potholing for the Northwest Recharge, Recovery, and Delivery System with Tricon Contracting Inc., in the amount of \$52,625.00. Mr. Sarti seconded the motion. Motion passed by a roll call vote of 4-0.

VI. General Manager's Report

Mr. Olsen stated that as a public water provider that serves approximately 57,000 customers, the District regularly receives inquiries from the media on various topics. While we address these media inquiries as part of our normal daily activities, there are some instances where the Board may find a particular situation informative.

Last month, on Christmas Eve, a customer in the Casas Adobes Apartments contacted the District regarding a water outage. There was a break on the apartment complex's private plumbing that the District does not own, operate, or maintain. Unfortunately, the break turned out to be more complicated than apartment management expected and three days later the apartment maintenance staff had still not restored water service. This triggered a series of media inquiries where there was an initial false assumption by the media that the District was at fault for keeping customers out of service for so long. Fortunately, we were able to rapidly address the media inquiries over the weekend and into the following week. This resulted in the correct information presented by the news articles that this was a break on a private system that the District is unable to maintain. Unfortunately, it was roughly five days before the apartment maintenance and a contracted plumber was able to repair the break. Throughout this outage, District staff was ready to ensure that the applicable isolation valves on the public water system were ready to be opened when the repair on the private side was complete.

While many factors were at play with this situation, this again highlights the importance of having a clear communication strategy with media inquiries where requests are up-channeled and centralized to ensure an expeditious, transparent, and standardized response.

VII. Legal Counsel's Report

Mr. Sklar stated he had nothing to report.

VIII. Clerk of the Board Updates; Future Meetings

The next regularly scheduled Board meeting will be held on February 8, 2021.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:21 p.m.

Judy Scrivener, Chair of the Board

Theo Fedele, Clerk of the Board