

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

**MONDAY, SEPTEMBER 9, 2019**

**\*\*BOARD CONFERENCE ROOM\*\*  
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT  
6265 N. LA CAÑADA DRIVE  
TUCSON, ARIZONA 85704**

**MINUTES**

**Board Members Present:** Judy Scrivener, Chair  
Bryan Foulk, Vice Chair  
Jim Doyle, Member  
Dan M. Offret, Member  
Richard Sarti, Member

**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  
Jeffrey L. Sklar, 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, Bryan Foulk, Dan M. Offret, Richard Sarti, and Judy Scrivener were present.

**II. General Comments from the Public**

There were no comments by the public.

**III. Consent Agenda**

- A. Approval of Minutes – August 12, 2019 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Ratification of Bill of Sale Mountain Vista Ridge, Lots 1-128, Phase 1 (M-18-014)**
- D. Ratification of Bill of Sale Waterline Extension to 8610 N. Pomona Drive (M-19-011)**

**E. Approval of Water Service Agreement for Sunset Mesa II, Lots 1-17 (M-19-012)**

Mr. Offret moved to approve the consent agenda. Mr. Foulk 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 the Fiscal Year 2020 combined consumption for all service areas is 6.1% higher compared to Fiscal Year 2019, which is a noticeable change from last month where fiscal year-to-date consumption was 2.5% higher. With two months of data, historic consumption can be compared to determine trends.

All of the City of Phoenix inter-AMA firming water for 2019 has been delivered to the District's Avra Valley Recharge Project (AVRP) and just under 800 acre-feet (AF) of the District's Central Arizona Project (CAP) water will be recharged at AVRP by the end of the calendar year. Deliveries to AVRP have been temporarily suspended until August's numbers are available to avoid over delivery. Staff is working with the District's Groundwater Savings Facility (GSF) partners to coordinate the District's calendar year 2020 CAP order.

Mr. Shepard stated that the Marlene well was pulled in August for maintenance as there was a noticeable loss in production. As part of the maintenance service, a video of the well was taken and some pictures from the video were shared with the Board. The Marlene well is the District's oldest well, at around 70 years old, and is in pretty good shape. Mr. Offret asked where the pumping level is set. Mr. Shepard stated that the pumping level is at about 220 and is currently above that at about 300 – 310. One of the things we will be adding or hoping to add is a sand separator, which prevents sand and aggregate from getting in the pump extending the useful life.

Metering Services, Inc. is continuing with the Southwest iPerl meter replacements. About 196 have been replaced so far of the approximate 1,760 meters. A rewind was done at Deconcini Booster #2. After the booster was placed back in service, there was noise indicating damage in the booster so it was shut down and pulled to look into the issue. There are no concerns with production and the booster should be covered under warranty. Staff continues to replace poly service lines with copper as they fail. A valve actuator at Meredith was repaired and should be covered under warranty. The actuator allows the Meredith well to pump into Jensen or Alcott depending on the levels and will automatically open and close. The issue was that the actuator did not close at certain points.

Ms. Bowen stated that work continues with HDR, the District's consultant, on the transmission main and the forebay preliminary designs. The next technical meeting is next Tuesday. Staff is preparing for the solicitation for the final design consultant for the transmission main which will likely go out next month. The partner meeting is this Thursday to discuss some thoughts and ideas, gather their input, and make sure everyone is on the same page. The draft independent cost analysis was received for the debt management policy and there is a meeting on Wednesday to talk with the consultant as well as a follow up meeting with both of consultants to work through some of the differences. Package 1A, which is first construction project for the NWRD includes site access and site improvements for the two site exploratory wells, had the final inspection, and has been completed. Package 1B is the test wells and Gary Burchard, District Hydrologist, has been managing and ensuring the test wells are moving forward. Both test wells have been drilled, zonal testing has been completed, and the wells have been constructed to approximately 600 feet. Water quality results have not been received yet but are in the process. Test well AVEX 01, the one closest to the Avra Valley Recharge Facility, has finished the 24-hour aquifer test this morning and water level recovery is being monitored. Test well AVEX 03 started today so that project is moving forward. Staff is in process of reviewing the transmission main preliminary design on the Metro-only piece from the forebay to Herb Johnson. Staff is coordinating with the contractor on the Old Nogales Highway main line replacement on a preconstruction date and the actual start date but should be moving forward in the next couple of weeks.

Mr. Sklar stated that the Chang litigation for parcels APN 216-32-025A and 216-32-028A is set for mediation on September 23, 2019 and the Board will be updated after that is concluded.

## **B. Financial Report**

Ms. Bracken stated that revenue and expenditures for July are both favorable when compared to a straight-line projection with revenue \$322,423 over budget and expenditures \$131,944 under budget. Revenue in excess of expenditures is favorable by \$454,367. When compared to the prior fiscal year, revenue in July is \$6,284 higher than it was in July 2018. The July Metered Water Revenue is 4.32% or \$73,385 higher than the prior fiscal year. The total operating expenditures for July are \$60,992 higher than they were in July 2018. When comparing revenue in excess of operating expenditures, the current year is \$67,276 higher.

The Arizona State Treasurer Pooled Collateral Program Statement for July provided collateralization coverage of \$2,988,987.35 in addition to the \$250,000 FDIC coverage.

The August cash deposit balance is \$7,833,463.20, with \$9.5 million moved into investments. The investment balance as of the end of July is \$13,368,950.61, which is \$9,811,262.40 higher than the August 2018 balance.

The Capital One Bank MasterCard was used to purchase \$26,507.39 on the August statement with up to 1.25% cash back earnings. The cash back amount received from transactions processed in the prior month totaled \$401.85 or 1.12% with a cash back total of \$5,547.87 as of August 31, 2019.

Forty-two new meter applications were received in August compared to 18 new meter applications were received in August 2018. Thirty-three of the new meter applications were for the Metro Main and Hub service areas and nine new meter applications were for the Metro Southwest service areas. The year-to-date total is 77 new meter applications compared to 61 new meter applications in the prior fiscal year.

#### **C. Approval of Liability Insurance**

Mr. Olsen stated that each year, the District must renew its liability insurance coverage for property, automobile, and commercial general. It is recommended that the Board approve the liability insurance coverage for Glatfelter Public Practice, who has provided this service to the District since before 2013. After a careful review of the District's policy, Glatfelter was able to offer a \$560 decrease compared to the previous year without reducing any coverage elements.

Mr. Foulk moved to approve the Liability Insurance Policy with Glatfelter Public Practice with a total annual premium cost of \$143,817 from October 1, 2019 through September 30, 2020. Mr. Sarti seconded the motion. Motion passed unanimously.

#### **D. Authorizing the Award of Design Services for the Oracle Road (SR-77) Water Line Relocations**

Mr. Olsen stated that Arizona Department of Transportation (ADOT) is planning roadway improvements on Oracle Road, from River Road north to Calle Concordia. Similar to Regional Transportation Authority (RTA) roadway improvements, if any District infrastructure conflicts with the roadway improvements, then the District is required to relocate the water infrastructure. While staff has identified District infrastructure that is in conflict and requires relocation, there have also been a number of main breaks along the west side of Oracle Road, including a break that was discussed previously with the Board where we contracted the repair due the proximity with a high traffic communication line. As there will be difficulty working on District infrastructure

directly adjacent to Oracle Road after the roadway project is completed, due to likely street cut moratoriums and proximity to other utility infrastructure, it is recommended that this District infrastructure is relocated even if not in direct conflict with the proposed roadway improvements.

While combining these efforts makes sense from both scheduling and economies of scale, the proposed cost to accomplish the design exceeds what was approved in the current fiscal year budget by approximately \$18,700. The additional funding will come from lower than anticipated expenditures in other Capital Improvement Program (CIP) projects. The construction activities will be planned for next fiscal year.

Engineering and Environmental Consultants, Inc. (EEC) is already accomplishing the design for Tucson Water's required relocations along Oracle Road and it is recommended that the Board award the District's relocation design to EEC, under the City of Tucson Job Order Contract.

Mr. Sarti stated that as a City of Tucson employee he would recuse himself from voting.

Mr. Foulk moved to authorize utilizing Engineering and Environmental Consultants, Inc. for the design of the Oracle Road (SR-77) Water Line Relocations under the City of Tucson Water Job Order Contract (JOC) No. 181820 – On Call Civil Engineering Services, for a not-to-exceed fee of \$28,706.00 and to authorize the General Manager to increase the scope and fee by \$5,000.00, if necessary, to accommodate unforeseen conditions encountered during the design process. Mr. Offret seconded the motion. Motion passed 4-0 with Mr. Sarti recusing himself from voting on this item.

#### **E. Approval of the Miscellaneous Design Services for E&T 22 Well Replacement**

Mr. Olsen stated that one of the planned CIP projects to commence this fiscal year is the replacement of the E&T 22 well. This well is deteriorating with holes in the casing along with approximately half of the well perforations remaining plugged even after brushing and bailing activities. As E&T 22 is one of two wells in the E&T service area, proactively replacing this well is required to ensure water production reliability in the E&T service area.

To initiate the well replacement, various design activities are required including drainage, site layout, grading, and well location analysis. It is recommended that the Board authorize the District's Miscellaneous Design Services Consultant, Westland Resources, to accomplish this work. Westland has provided a scope and fee proposal of \$64,550 to accomplish these tasks and there is \$120,000 in the current fiscal year budget for initial design activities.

Mr. Sarti moved to authorize WestLand Resources to complete the design of the E&T 22 Well Replacement using the Professional Services Agreement for Miscellaneous Design Services for a not-to-exceed fee of \$64,550.00 and to authorize the General Manager to increase the scope and fee by \$5,000.00, if necessary, to accommodate unforeseen conditions encountered during the design process. Mr. Foulk seconded the motion. Motion passed unanimously.

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

Mr. Olsen stated that staff also relies on support from the District's Miscellaneous Water Resources Consultant to provide technical assistance and field support during drilling and well development activities. Normally, District Water Resource Management staff would evenly split the field support for new well drilling with the Miscellaneous Water Resources Consultant, however well drilling activities associated with Northwest Recharge, Recovery, and Delivery System (NWRRDS) will limit District oversight of the E&T 22 replacement to approximately 30% due to oversight requirements of the three wells that will be drilled as part of NWRRDS.

It is recommended that the Board award this technical support work to the District's Miscellaneous Water Resources Consultant, Clear Creek Associates, with funding for this effort included in the E&T 22 replacement CIP.

Mr. Offret moved to approve using Clear Creek Associates, under the Professional Services Agreement for Miscellaneous Water Resources Consulting Services, to perform hydrogeological program support for E&T 22 replacement well drilling and testing for the not-to-exceed amount of \$90,900. Mr. Foulk seconded the motion. Motion passed unanimously.

**G. Approval of the Groundwater Savings Storage Agreements with Cortaro Water User's Association and Kai Farms Red Rock**

Mr. Olsen stated that Groundwater Saving Facilities are a critical water resource management strategy for the District where a portion of the District's CAP allocation is delivered to farmlands near the CAP canal in-lieu of the farms pumping ground water. The District also receives equal water credits in return along with a GSF rebate of \$12/AF. Each year, these mutually beneficial relationships provide additional financial resources enabling the District to purchase approximately 600 AF of additional CAP water. Last month, the Board approved a GSF storage amendment with BKW Farms and this month the Board is requested to approve similar amendments with Cortaro Water User's Association and Kai Farms for the storage in calendar year 2020 of 5,960 AF and 2,000 AF respectively. With the goal of all 9,960 AF of the District's remaining 2020 CAP allocation stored in GSFs, this would generate \$120,000 in revenue for the

District in GSF storage rebates and save an additional \$170,000 than if this water was otherwise stored in constructed recharge projects.

Mr. Sarti moved to approve Amendment No. 1 between the District and Cortaro Water Users' Association for "In-Lieu Water Deliveries and Storage" in 2020. Mr. Offret seconded the motion. Motion passed unanimously.

Mr. Offret moved to approve Amendment No. 1 between the District and Kai Farms for "In-Lieu Water Deliveries and Storage" in 2020. Mr. Foulk seconded the motion. Motion passed unanimously.

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

Mr. Olsen stated that as mentioned at the last Board meeting, the Compensated System Conservation Agreement to support Arizona's Drought Contingency Plan (DCP) was signed by both Central Arizona Water Conservation District (CAWCD) and the District and was only awaiting the final signature from the Bureau of Reclamation (BOR) the BOR. As of today, we are still waiting on the agreement to complete the routing process through the BOR for the final signature. Staff has engaged with CAWCD to try to expedite the final signature as calendar year 2020 water orders are due by October 1, 2019. CAWCD has provided assurances that the District's calendar year 2020 water order, including the financial components associated with the Compensated System Conservation Agreement, would be honored; however, the fully executed agreement is needed to provide fidelity on strategic funding decisions throughout the 7-year agreement term.

Over the past few months, Arizona Municipal Water Users Association (AMWUA) has been leading an effort, in coordination with Agribusiness and Water Council and Southern Arizona Water Users Association (SAWUA), to create a water vetting platform to proactively discuss potential water related legislation with elected officials and stakeholders. The goal of this platform is to help guide the development of pragmatic water legislation as opposed to lobbying changes to introduced bills. Legislative priorities that were discussed included: ongoing adjudication activity, creation of new Irrigation Non-expansion Areas (INA), infrastructure across the state, and ongoing groundwater conservation. The first meeting of the Vetting 4 Water was this afternoon and Wally Wilson, Water Resources Manager, attended on the District's and SAWUA's behalf.

Mr. Wilson stated that for the INAs, there is recognition that there is a lack of information in some basins that are currently experiencing rapid expansion of agricultural irrigation but the bottom line is additional Arizona Department of Water Resources (ADWR) staff is needed to perform the necessary investigations and continue to support the Active Management Areas.

Mr. Doyle asked if there were currently only three INAs in Arizona: Cochise County and two in Maricopa County. Mr. Wilson stated that he believed so and much of the conversation from the legislative districts present were about La Paz and Mohave.

**VI. Legal Counsel's Report**

Mr. Sklar said he had nothing to report.

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

The next regularly scheduled Board meeting will be held on Wednesday, October 16, 2019.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 6:32 p.m.

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Judy Scrivener, Chair of the Board

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Theo Fedele, Clerk of the Board