

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

MONDAY, DECEMBER 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

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. Jim Doyle, Bryan Foulk, Dan M. Offret, 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. Offret made a motion to adjourn into Executive Session. Mr. Foulk seconded the motion. Motion passed unanimously. The Board adjourned into Executive Session at 5:31 p.m.

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, Dan M. Offret, Richard Sarti, and Judy Scrivener were present.

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

Mr. Offret 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. Foulk seconded the motion. Motion passed unanimously.

III. General Comments from the Public

There were no comments by the public.

IV. Consent Agenda

- A. Approval of Minutes – November 13, 2019 Board Meeting**
- B. Ratification of Billing Adjustments**
- C. Approval of Regular Board Meetings in 2020**

Mr. Foulk moved to approve the consent agenda. Mr. Offret seconded the motion. Motion passed unanimously.

V. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District

Mr. Olsen stated that the Fiscal Year 2020 combined consumption compared to last fiscal year-to-date is 7.2% higher, a significant jump compared to last month where the fiscal year-to-date was 4.8% higher.

All of the District's Central Arizona Project (CAP) water for 2019 has been stored and the routine maintenance on the District's Avra Valley Recharge Project (AVRP) facility has been completed.

Staff held a kick-off meeting with Clear Creek and Associates on December 4, 2019, to commence the groundwater modeling effort to support the District's Metro Main Designation of Assured Water Supply modification. This effort was approved at the November Board meeting and is a required step in advance of the District de-enrolling Metro Main from the Central Arizona Groundwater Replenishment District (CAGRDR).

Mr. Shepard stated that on November 7, 2019, ADEQ performed a survey of the E&T service area including reviewing the policies, protocols, sampling, and backflow program. ADEQ did request a few notices of correction, which staff corrected, and the District is in compliance. Staff replaced a power monitor at the Northeast Booster Station. A casing inspection and thickness measurement was completed on the Diablo Village #2 and the Marlene wells while they were already down for maintenance. The Diablo Village well is a newer well and looks good with minimal metal loss in the casing. The Marlene well has some areas with approximately 25% metal loss. Staff is looking at the best way to address the metal loss. Staff addressed some service line leaks in the E&T service area and continued with the hydrant and security locks installing 17 locks on District hydrants this month.

Ms. Bowen stated that the Old Nogales Highway mainline replacement project is about ½ a mile long and the contractor is about 68% complete with the installation of pipeline. The project is going along well and is expected to be completed by March 2020. The partner portion of the NWRDRS project is ready to commence with advertising for the final design consultant for both the transmission main and forebay. The solicitation documents will be due back on January 10, 2020 for consideration. ADWR is proceeding with the recovery well permit and there has been no word that any comments or objections were received by ADWR. For the Metro only portion of the NWRDRS project, staff are accomplishing the final transmission main design and working with the District's consultant to complete the booster station design and a portion of the pipeline design.

Mr. Olsen stated that the final design consultant will be brought to the Board at the February 10, 2020 meeting for consideration. Allowing staff time in January to work with the NWRDRS partners to complete the review and recommendation.

Mr. Sklar stated that there have been no changes in the one pending condemnation matter. A trial setting conference is set for December 16, 2019 where the judge will set a trial date, which will provide a better sense for the schedule for the case going forward.

B. Financial Report

Ms. Bracken stated that revenue and expenditures for October are both favorable when compared to a straight-line projection with the total revenue \$1,066,653 over budget and expenditures

\$124,608 under budget. Revenue in excess of expenditures is favorable by \$1,191,261. When comparing the total revenue to the prior fiscal year, revenue in October is 8%, or \$645,027, higher than it was in October 2018. The October Metered Water Revenue is 5.73%, or \$369,369, higher than the prior fiscal year. The total operating expenditures for October are \$477,015 higher than they were in October 2018. When comparing revenue in excess of operating expenditures the current year is favorable by \$168,012.

The Arizona State Treasurer Pooled Collateral Program Statement for October provided collateral coverage of \$4,468,305.33 in addition to the \$250,000 FDIC coverage.

The November cash deposit balance is \$11,125,648.60, with \$1.5 million of Certificates of Deposit (CD) either maturing or being called early. The Investment balance as of the end of October is \$12,829,978.67, which is \$1,208,888.97 lower than the October balance with the \$1.5 million of matured CD's.

The Capital One Bank MasterCard's were used to purchase \$48,092.41 on the November statement with up to 1.25% cash back earnings. The cash back amount received from transactions processed in the prior month totaled \$468.25, or 1.11%, with an inception-to-date cash back total of \$6,794.33.

Twenty-two new meter applications were received for the Metro Main service area in November, with 13 new meter application received in November 2018. As of the end of November, 167 new meter applications have been received, compared to 116 applications at the same point in the prior fiscal year.

C. Authorizing the Use of Miscellaneous Design Services for the Pantano Transmission Main Design Revision (Continued from the November 13, 2019 meeting)

Mr. Olsen stated that the Pantano Transmission Main is proposed to construct approximately 4,500 linear feet of 12-inch water main from the Metro Hub storage facilities south on Pantano Road to Cloud Road. This main will enable the well capacity in Hub, namely Hub wells 1a, 2, 3, and 4, to be fully utilized to fill the Hub reservoir. WestLand Resources originally designed the Pantano Transmission main in 2012 but the plans require updates to account for proposed project phasing of the construction to occur over three fiscal years and various civil design updates.

This item was continued from the November Board Meeting as there is a nearly 50-year old cement asbestos waterline that runs parallel to the proposed alignment of the new 12-inch water line. The concern is that the 50-year old water line is near the end of its useful life and could cause maintenance challenges in the near future. Over the last month, staff worked with WestLand to

revise the scope of services to include amending the design to remove the parallel cement asbestos line and to tie over water services from that line to the new 12-inch line, thereby avoiding future maintenance challenges.

Due to efficiency of effort, it is recommended that the Board authorize WestLand Resources, using the District's Miscellaneous Design Services Agreement, to accomplish these revisions for a not-to exceed amount of \$48,200.00. The current fiscal year Capital Improvement Program (CIP) budget includes adequate funding to accomplish the revised scope for the Pantano Transmission Main design revisions.

Mr. Sarti moved to authorize utilizing the Professional Services Agreement with WestLand Resources to complete the Pantano Transmission Main design revision in the amount of \$48,200.00 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. Mr. Offret seconded the motion. Motion passed unanimously.

D. Authorizing the Water Quality Blend Evaluation for Northwest Recharge, Recovery, and Delivery System (NWRRDS) Implementation

Mr. Olsen stated that in April 2014, the Board authorized an acceptable average annual level of total dissolved solids (TDS) of Northwest Recharge, Recovery, and Delivery System (NWRRDS) water, after blending with groundwater at the Herb Johnson reservoir, of between 400 and 500 parts per million (ppm). The TDS within the existing wells feeding into the Herb Johnson reservoir ranges between 135 and 802 ppm and the NWRRDS exploratory wells indicates a TDS range for NWRRDS recovery water of between 430 and 740 ppm. A water quality blend evaluation is necessary to ensure the ability to create a well operating scheme that accomplishes the Board authorized TDS goal, supports the balancing of aquifer levels, and ensures operational flexibility.

In September 2017, the Board authorized Carollo Engineers to complete an evaluation of blending alternatives within the Metro Main system. This evaluation was to determine blending options relating to 1,4-Dioxane that was detected at the currently offline Horizon Hills well. As part of that effort, Carollo updated a hydraulic model of the District's Metro Main system that will be used to accomplish this effort.

It is recommended that the Board authorize Carollo Engineers to accomplish this work, via Arizona Department of Administration State Procurement Office annual professional services list.

Mr. Foulk moved to authorize the General Manager to execute an agreement with Carollo Engineers to complete a water quality blend evaluation related to implementation of NWRRDS in

the amount of \$157,112.00 using the Arizona Department of Administration State Procurement Office annual professional services list 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 evaluation. Mr. Offret seconded the motion. Motion passed unanimously.

E. Authorizing the Use of Miscellaneous Design Services for the Avra Valley Recharge Project (AVRP) Upgrades

Mr. Olsen stated that the District's AVRP facility operates at approximately 8,000 acre-feet (AF) annually but is permitted up to 11,000 AF. As discussed previously with the Board, the goal is to upgrade the facility to enable the operational capacity to more closely reach the permitted recharge capacity.

WestLand Resources previously completed three out of four of the AVRP design tasks in Fiscal Year 2019 with the fourth task, creating a Native Plant Protection plan, deferred until closer to construction. The Native Plant Protection plan will be used to determine the compensation required to Arizona State Land Department for disturbances to existing vegetation as AVRP is located on State Land. Staff have also identified components needed for electrical design such as programmable logic controller design drawings.

It is recommended that the Board authorize WestLand to accomplish the Native Plant Protection plan and electrical design components, using the Professional Services Agreement, in the amount of \$14,100.00.

Mr. Sarti moved to authorize utilizing the Professional Services Agreement with WestLand Resources to complete design services for the Avra Valley Recharge Project Upgrades in the amount of \$14,100.00 and to authorize the General Manager to increase the scope and fee by \$2,500.00, if necessary, to accommodate unforeseen conditions encountered during the design. Mr. Foulk seconded the motion. Motion passed unanimously.

F. Approval for the Implementation of Itron's Field Collection System and the Purchase of Itron's MC3 Mobile Collector

Mr. Olsen stated that the District currently uses Itron's multi-vendor reading system to process meter reads along with FC300 handhelds to collect the meter read information. Both the software and the physical handhelds will reach the end of life, where they were longer supported, in 2021. As such, a replacement reading system is required.

Itron's replacement product is a Field Collection System (FCS), which performs the same function as the multi-vendor reading system but also allows multi-user access, and cloud based meter reading from a variety of devices to include cell phones and tablets instead of the currently used handhelds. FCS is also compatible with the three major operating systems and has additional security capabilities that enable supervisors to monitor routes being read in real time. Reads are automatically uploaded to the office via Itron's cloud as opposed to requiring the Utility Technicians to return to the office to download the reads, increasing the efficiency of the process.

Along with this effort, the purchase of a MC3 Mobile Collector will also enable large swaths of meters with an electronic read transmitter to be automatically read from the vehicle driving by at normal neighborhood driving speeds as opposed to requiring staff to stop and manually read each meter.

The FCS and MC3 are the District's #3 and #4 priority on investments to support the District's mission in the current fiscal year. As there are numerous purchases required from various vendors to implement these initiatives, it is recommended that the Board authorize a total not to exceed amount of \$55,000.00 for this effort.

Mr. Offret moved to approve the implementation of the FCS meter reading system and the purchase of the MC3 Mobile Collector as presented by staff, with a Fiscal Year 2020 project total of the combined efforts for a not to exceed amount of \$55,000.00. Mr. Foulk seconded the motion. Motion passed unanimously.

VI. General Manager's Report

Mr. Olsen stated that staff engaged with Pima County in an effort to access the District's recycled water entitlement from County facilities to more proactively utilize the water on groundwater savings facilities (GSF) nearby. The County is trying to determine if they are going to experience any negative impacts from the District taking its legally entitled water out of the river and how it relates to proportional direct diversions and evapotranspiration. Tucson Water is the operator of the managed recharge program and they are the ones that do the water storage calculations each year. Staff will review the District's numbers and Tucson Water's numbers to see if they are the same. We will then follow up with County staff to chart a pathway to obtain a right of entry to access our recycled water and to convey that water to nearby GSF. The benefit to the District is to obtain a higher percentage of recycled water long term storage credits verses the various cuts caused by direct diversions and evapotranspiration.

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 13, 2019.

IX. General Comments from the Public

There were no comments from the public.

X. Adjournment

The meeting adjourned at 6:29 p.m.

Judy Scrivener, Chair of the Board

Theo Fedele, Clerk of the Board