

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

June 9, 2014

**** Board Room ****

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

MINUTES

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

District Staff: Joseph Olsen, General Manager
Diane Bracken, Chief Financial Officer
Charlie Maish, District Engineer
Tullie Noltin, Recorder
Warren Tenney, Assistant General Manager
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. Richard Byrd, Jim Doyle, Bryan Foulk, Dan Offret, 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 – May 12, 2014 Board Meeting.**
- B. Approval of Minutes – May 27, 2014 Special Board Meeting.**
- C. Ratification of Billing Adjustments.**

- D. Ratification of Bill of Sale – Mariposa Trail, Lots 118-169.**
- E. Approval of Amendment No. 2 to the Miscellaneous Geotechnical & Material Testing Services Contract with Western Technologies, Inc.**
- F. Approval of Amendment No. 2 to the Miscellaneous Survey Services Contract with Stantec Consulting Services, Inc.**
- G. Approval of Amendment No. 2 to the Professional Services Agreement for Miscellaneous Water Distribution Design Contract with Engineering and Environmental Consultants, Inc.**
- H. Approval of Amendment No. 2 to the 2012 Well Maintenance Contract with Weber Water Resources.**

Mr. Offret made a motion 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 said May consumption in Metro Main was approximately 1% lower compared to May of last year; however, the fiscal year to date consumption is approximately the same. Metro Hub showed an increase in consumption of approximately 15%. Metro Southwest decreased by about 10%, likely explained by the timing of meter reads, which can have substantial impacts on consumption percentages when shifted by a couple of days.

Mr. Olsen gave an update on the Inter-AMA Firming concept. The Arizona Municipal Water Users Association (AMWUA) has recommended that the City of Phoenix move forward with submitting the storage permit and the exchange agreement application to the Arizona Department of Water Resources (ADWR), and then to further address questions during ADWR's review process. Staff also had a pre-application meeting on June 4, 2014 with ADWR on the Modification of the Designation of Assured Water Supply in Metro Southwest, to include the Pomegranate Farms development. The meeting brought up no issues and the Modification will be submitted in the August time frame, as soon as Pomerol Land II, LLC officially acquires the two remaining properties that will be included in that Modification.

On the Cortaro-Marana Irrigation District (CMID) Groundwater Savings Facility Project, parties are finalizing the review of the draft intergovernmental agreements and a proposed alignment schematic will be sent to Pima County so they can review.

Construction on the Freer Road Camino del Sur Interconnect is near completion and minor remaining items are being finished up. The arsenic treatment vessels for Hub 1A, Hub 3, and Diablo Village have been delivered and installation is being coordinated.

B. Financial Report.

Ms. Bracken said revenue and expenditures through April continue to be strong with a \$1,171,708 favorable position. Water sales are ahead of budget by \$413,641 on a straight line basis in the first 10 months of the fiscal year. Development revenue is \$402,120 over the total budgeted for the year. Operating expenditures are under budget by \$130,761 using a straight line comparison. A prior year comparison of revenue through April 30, 2014 is \$1,749,692 ahead of April 30, 2013. Increases are mostly attributed to metered water sales and development revenue. Operating expenses in all categories are higher this year, with the exception of salaries and benefits and power purchased. A large portion of the increases are in consultant and contracted services, along with the elimination of salaries being reimbursed from capital improvement projects.

Expenditures for the capital improvement program funded with the 2007 WIFA loan equal \$11,763,196 with \$413,045 remaining to complete the Hub Well, Hub vessels, and install variable frequency drive at Magee La Cholla.

A total of 11 meter applications were received in May 2014 compared to 20 in May 2013. Meter applications so far this fiscal year total 286, compared to a total of 267 in May 2013.

With the utilization of the office solar system, the base rate of \$2,212 per month was paid for electric in the month of May. Eleven months into Fiscal Year 2014, a total of \$31,104 was paid for electric, which is favorable by \$1,445 compared to Fiscal Year 2011 and unfavorable compared to last fiscal year by \$908.

C. Award for Emergency and Miscellaneous Information Technology Support and Maintenance Services.

Mr. Olsen said the Information Technology (IT) Maintenance Services contract would provide critical IT infrastructure support in the event of an emergency outage, and is also the framework to support planned IT activities on an as-needed basis.

Mr. Offret made a motion to approve the quote and pricing submitted by Nextrio, LLC for the Emergency and Miscellaneous Information Technology Support and Maintenance Services

through June 30, 2015 and also to authorize the General Manager to sign the Job Order Agreement with Nextrio, LLC and to approve the use of these services on an as needed basis. Mr. Foulk seconded the motion. Motion passed unanimously.

D. Approval of Inorganic Chemical Analytical Services Contract.

Mr. Olsen said the next four items on the agenda are various water quality services contracts to ensure safe drinking water under the Arizona Department of Environmental Quality (ADEQ) Drinking Water Rules. They include chemical analyses for inorganic, synthetic organic, volatile organic, as well as radiochemicals.

Mr. Foulk made a motion to approve the Analytical Laboratory Services Contract for Inorganic Chemicals to Turner Laboratories, Inc. for a not-to-exceed amount of \$60,000, and would expire on June 30, 2015, with an option to extend the contract for two additional years pending the Board of Directors annual approval. In the event that Turner Laboratories, Inc. cannot perform these necessary analyses, Eurofins Eaton Analytical, Inc. shall be the back-up laboratory. Mr. Offret seconded the motion.

Mr. Byrd asked if Turner Laboratories is staying in line with District turnaround requirements and Mr. Olsen said yes.

Motion passed unanimously.

E. Approval of Contract for Synthetic Organic Chemicals Analyses.

Mr. Offret made a motion to approve the Analytical Services Contract for Synthetic Organic Chemicals to Eurofins Eaton Analytical, Inc. for a not-to-exceed amount of \$75,000, and would expire on June 30, 2015, with the option to extend the contract for two additional years pending the Board of Directors annual approval. In addition, Turner Laboratories, Inc. shall be the back-up laboratory to Eurofins Eaton Analytical, Inc. in the event they are unable to perform their contracted duties. Mr. Foulk seconded the motion. Motion passed unanimously.

F. Approval of Analytical Laboratory Services Contract for VOCs, TTHMs, and HAA5.

Mr. Foulk made a motion to approve the Analytical Laboratory Services Contract for Volatile Organic Chemicals, Total Trihalomethanes, and Haloacetic Acids Analyses to Turner Laboratories, Inc. for a not-to-exceed amount of \$50,000, and would expire on June 30, 2015, with the option to extend the contract for two additional years pending the Board of Directors annual approval. In the event that Turner Laboratories, Inc. cannot perform these necessary

analyses, Eurofins Eaton Analytical, Inc. shall be the back-up laboratory. Mr. Offret seconded the motion. Motion passed unanimously.

G. Approval of Analytical Laboratory Services Contract for Radiochemical Analyses.

Mr. Offret made a motion to approve the Analytical Services Contract for Radiochemical Analyses to Turner Laboratories, Inc. for a not-to-exceed amount of \$20,000, and would expire on June 30, 2015, with the option to extend the contract for two additional years pending the Board of Directors annual approval. Mr. Foulk seconded the motion.

Mr. Byrd asked if Turner Laboratories is doing these analyses in house or subcontracting. Mr. Olsen said there is only one state certified laboratory for these analyses and Mr. Maish said the name of that lab is Radiation Safety Engineering, Inc. Mr. Byrd asked if we are comfortable with the turnaround time and Mr. Olsen said yes.

Motion passed unanimously.

H. Approval of Contract for Unregulated Contaminant Monitoring Rule Three Chemical Analyses.

Mr. Olsen said the Unregulated Contaminant Monitoring Rule Three (UCMR-3), as directed by the Environmental Protection Agency (EPA), requires water providers to sample for 21 List 1 contaminants such as 1,4-Dioxane by 2015. This will allow EPA to create a database of information to determine whether health advisories or maximum contaminant levels should be set on any of these contaminants. This testing contract is for accomplishing those requirements in accordance with EPA drinking water rules.

Mr. Foulk made a motion to approve the Analytical Services Contract for UCMR-3 Chemicals to Eurofins Eaton Analytical, Inc. for a not-to-exceed amount of \$75,000, and would expire on June 30, 2015, with the option to extend the contract for two additional years pending the Board of Directors annual approval. In addition, Turner Laboratories, Inc. shall be the back-up laboratory to Eurofins Eaton Analytical, Inc. in the event they are unable to perform the contracted duties. Mr. Byrd seconded the motion. Motion passed unanimously.

I. Approval of Bids for GAC Replacement at South Shannon.

Mr. Olsen said this contract is to expeditiously perform granular activated carbon (GAC) change outs at the South Shannon treatment site. The costs of the GAC are ultimately reimbursed by ADEQ.

Mr. Offret asked if the same kind of medium is used in arsenic removal. Mr. Olsen said no, they are similar processes but a different media is used for arsenic removal.

Mr. Offret made a motion to approve the bid submitted by Carbon Activated Corporation and direct staff to pursue the Job Order Agreement with them. It is also recommended that the Board authorize the General Manager to sign the Job Order Agreement and to approve each purchase order for the carbon change outs as needed. Mr. Foulk seconded the motion.

Mr. Foulk asked if the District has worked with this company before. Mr. Maish said the District has worked with them the last two years.

Motion passed unanimously.

J. Award and Approval of Miscellaneous Water Resources Consulting Service Contract.

Mr. Olsen said in Fiscal Year 2015, there are a number of projects and initiatives where the District will need water resources consulting support, such as technical assistance on the Oracle Jaynes well redrilling, review of the ADEQ groundwater remediation plans, potential Avra Valley Recharge Project (AVRP) monitor well, and the demand study for Metro Main's Assured Water Supply (AWS) renewal. In addition, this contract will enable a flexible response to unplanned water resource support needs.

Mr. Foulk made a motion to award the annual Miscellaneous Water Resources Consulting Services Contract to Clear Creek Associates. Mr. Offret seconded the motion. Motion passed unanimously.

Mr. Foulk made a motion to approve the Miscellaneous Water Resources Consulting Services Contract with Clear Creek Associates in the not-to-exceed amount of \$50,000, and would expire June 30, 2015 unless annually renewed by the Board of Directors for up to two years. Mr. Offret seconded the motion. Motion passed unanimously.

K. Approval of Quotes Submitted for Electrical Services and Construction of Electrical Systems.

Mr. Olsen said this services contract provides emergency electrical capability at the District's wells, boosters, and facilities for troubleshooting and rapid restoration of service. Beyond emergency support, this contract will provide augmentation for various planned electrical work activities.

Mr. Offret made a motion to approve quotes submitted for the Electrical Services and Construction of Electrical Systems for use through June 30, 2015 and authorize the General Manager to sign the Job Order Agreement and to approve the use of these services on as needed basis. Mr. Foulk seconded the motion. Motion passed unanimously.

L. Approval of Miscellaneous Annual Services and Materials Quotes for the Utility Team.

Mr. Olsen said this item bundles many miscellaneous services and materials the Utility staff requires to maintain and repair the District's infrastructure.

Mr. Foulk made a motion to approve the annual quotes for barricade rental, chlorine, aggregate, asphalt patching, pump and motor repairs, and analytical services for coliform from the corresponding low bids per items as presented by staff, and direct staff to use another appropriate bidder for a particular service or material if performance or quality of a service of the low bidder does not meet the District's needs, and also moved to authorize the General Manager to sign the Job Order Agreements as appropriate for these services.

Mr. Offret seconded the motion. Motion passed unanimously.

M. Annual Subsidence Monitoring Update.

Mr. Olsen said the map attached to the Board report shows the results of subsidence monitoring. The District's service areas are shown as a solid white line. The colors orange, yellow, and red depict measurable subsidence in the Tucson region. No measurable subsidence lies within the District's service areas. Most of the subsidence in the Tucson area is far southeast of Metro Main. These results further support the Board action a few months ago to terminate the United States Geological Survey (USGS) subsidence monitoring contract, which was redundant monitoring. The District will continue the partnership with ADWR for subsidence monitoring.

Mr. Foulk asked if the minimal subsidence in southeast Tucson is part of the City of Tucson's water system, where they are pumping in CAP water. Mr. Olsen said this map covers a four year time period between 2010 and 2014, when Tucson Water decreased groundwater pumping and moved large amounts of CAP water from their CAVSARP and SAVSARP facilities into the Central Tucson Region.

Mr. Byrd noted that at the heart of that red area is an electric utility provider with their own wells. Groundwater must be pumped for cooling and heating exchange, which makes a big dent in the aquifer and is not controlled by Tucson Water. Mr. Offret asked if that utility could use effluent. Mr. Byrd said there are issues with scaling from effluent and power plants need high

quality groundwater for their operations. They do reinject some water but there are losses associated with such a significant pumping rate.

V. General Manager's Report.

Mr. Olsen said ten staff representing all teams attended a four day Reliability Centered Maintenance (RCM) on June 2-6. The training focused on leveraging RCM tools to efficiently maintain the District's infrastructure and should dovetail with the asset management software ultimately selected.

Pima County billing inserts will be sent with District bills in an effort to educate the customer base that their District water bill also includes Pima County Regional Wastewater Reclamation charges. The inserts are generated by the County to inform customers of key Pima County initiatives. A new billing service agreement with Pima County reflects various cost of service increases, such as these new billing inserts. The goal is to bring the new intergovernmental agreement and the associated fee increase to the Board in July.

Early registration is open for the Tri-State Seminar, to be held September 23-25 in Las Vegas. The District will be sending a few staff members who will earn up to 21 professional development hours, which they are required to have to maintain their operator certifications. If the Board would like to attend, please let Mr. Olsen or Tullie Noltin know.

VI. Legal Counsel's Report

Mr. Hinderaker said the AECOM settlement agreement has been signed and finalized. The payment is expected June 30, 2014.

VII. Future Meeting Dates; Future Agenda Items.

The next Board meeting will be held on Monday, July 14, 2014 at 6:00 p.m.

VIII. General Comments from the Public.

Mr. Foulk read a thank you letter he received from San Miguel High School Administration. For several years, the District has given San Miguel students opportunities to work with the District and receive training and mentoring. The letter read that San Miguel is blessed to have the District's support. The Board was invited to visit San Miguel. Stephanie, a student who recently worked with the District, enclosed a note thanking the District for a great year. She said she learned from the caring District staff and she felt like a true responsible adult.

Mr. Foulk said he hopes we continue that partnership because he thinks it has been good for the District and the students.

Mr. Olsen noted participation in the San Miguel program is in the approved financial plan for Fiscal Year 2015. The District will continue the San Miguel program and its administrative support to the District.

IX. Adjournment.

The meeting adjourned at 6:26 p.m.

Judy Scrivener, Chair of the Board

Warren Tenney, Clerk of the Board