



**TOWN OF MARANA UTILITIES BOARD
BOARD NOTICE AND AGENDA**

5100 W. Ina Road, Tucson, AZ 85743, Palo Verde Room
January 11, 2018 at or after 3:30 p.m.

Pursuant to A.R.S. § 38-432.02, notice is hereby given to members of the Marana Town Council and to the general public that the Marana Utilities Board will hold a meeting open to the public on January 11, 2018, at or after 3:30 p.m., located in the Palo Verde Room of the Marana Operations Center, 5100 W. Ina Road, Tucson, Arizona.

ACTION MAY BE TAKEN BY THE BOARD ON ANY ITEM LISTED ON THIS AGENDA. Revisions to the agenda can occur up to 24 hours prior to the meeting. Revised agenda items appear in *italics*. The meeting room is wheelchair and handicapped accessible. Any person who, by reason of any disability, is in need of special services as a result of their disability, such as assistive listening devices, agenda materials printed in Braille or large print, a signer for the hearing impaired, etc., will be accommodated. Such special services are available upon prior request to the Town Clerk at (520) 382-1999 as early as possible to arrange the accommodation.

This Notice and Agenda posted no later than Thursday, January 10, 2018 at 3:30 p.m. at the Marana Municipal Complex, 11555 W. Civic Center Drive, the Marana Operations Center, 5100 W. Ina Road, and at www.maranaaz.gov under Agendas and Minutes.

AGENDA

1. **CALL TO ORDER**
2. **PLEDGE OF ALLEGIANCE**
3. **APPROVAL OF AGENDA**
4. **APPROVAL OF MINUTES**
 - a. Approval of the Draft July 21, 2017 Utilities Board Meeting Minutes
5. **MARANA WATER DEPARTMENT STATUS UPDATE**
 - a. Enterprise Management
 - b. Capital Improvement Program
 - c. Resources
 - d. Department Initiatives

6. CALL TO THE PUBLIC

At this time any member of the public is allowed to address the Utilities Board on any issue within the jurisdiction of the Utilities Board, except for items scheduled for a Public Hearing at this meeting. The speaker may have up to three minutes to speak. Pursuant to the Arizona Open meeting Law, at the conclusion of Call to the Public, individual members of the Board may respond to criticism made by those who have addressed the Board and may ask staff to review the meter or may ask that the matter be placed on a future agenda.

7. FUTURE AGENDA ITEMS

8. ADJOURNMENT



Utilities Board

Meeting Date: 01/11/2018

To: Mayor and Council

Submitted For: John Kmiec, Utilities Director

From: Hilary Hiser, Deputy Town Clerk

Date: January 11, 2018

Subject: a. Approval of the Draft July 21, 2017 Utilities Board Meeting Minutes

Attachments

Draft 07/21/2017 Meeting Minutes



TOWN OF MARANA UTILITIES BOARD

5100 W. Ina Road, Tucson, AZ 85743, Palo Verde Room
July 21, 2017, at or after 3:00 p.m.

John Kmiec, Chairman
Jeff Biggs
Doug Emans
Julie Mette
Ryan Benavides
Erik Montague
Jamsheed Mehta

MINUTES

1. **CALL TO ORDER.** Chairman Kmiec called the meeting to order at 3:06 p.m. and Deputy Town Clerk Hilary H. Hiser called the roll. Board Member Doug Emans was absent. All other members were present constituting a quorum.
2. **PLEDGE OF ALLEGIANCE.** Led by Chairman Kmiec.
3. **APPROVAL OF AGENDA.** *Motion to approve by Board Member Jamsheed Mehta, second by Board Member Jeff Biggs. Passed 5-0.*
4. **APPROVAL OF MINUTES**
 - a. Approval of the December 20, 2016 Utilities Board Meeting Minutes. Chairman Kmiec stated that the agenda misprinted the previous meeting date as December 21, 2016. With the correct meeting date of December 20, 2016 noted for the record, as well as other minor changes to dates in the draft minutes, Chairman Kmiec asked for a motion to approve. *Motion to approve by Board Member Jeff Biggs with a second provided by Board Member Jamsheed Mehta. Passed 5-0.*
5. **MARANA WATER DEPARTMENT STATUS UPDATE**

- a. **Enterprise Management:** Presented by **Amanda Jones**, Business Services Coordinator. Ms. Jones briefly discussed the department's enterprise management objectives by reviewing the most recent data collected, which tracks the department's total water users and total water consumption. The data also identifies the system's largest water users as the Continental Reserve system, 24.7 million gallons; Hartman Vista system, 11.8 million gallons; and the north Marana system, 19.6 million gallons. The total consumption billed for June 2017 was 78.4 million gallons. Additionally, she presented information regarding the average customer growth for the system. As of June 2017, the system has 7,205 customers. Reviewing data related to water reclamation customers, Ms. Jones also reported that as of June 2017 there were 3,398 water reclamation customers and the department issued 173 sewer cards. She noted that the department's increase in sewer customers was due, in part, to the Saguaro Bloom subdivision coming on-line.

Ms. Jones transitioned her presentation to a review of the department's third quarter FY 2017 financials. She reported that the water fund's total revenue is \$3,425,190 with overall expenditures at 68 percent of budget. Ms. Jones noted that the actual revenue for licenses, fees, and permits exceeded the FY 2017 projection thus contributing to increased total revenues for the water fund. The water reclamation fund reported third quarter earnings of \$788,376 with an overall expenditures of 65 percent of budget. The data does show incremental growth year-over-year proportional to population increases in the department's service areas.

Ms. Jones moved to a review of the FY 2018 budget projections for both water and water reclamation. The department predicts approximately \$5.07 million collected in revenues from rates, connections, and fees. The department projects 372 new connections. Also, the department predicts \$722,000 collected from infrastructure impact fees and \$681,000 collected from renewable resource fees. Ms. Jones reported that the department would hire a Water Operator III position this budget year. Also, the adopted budget will continue to fund on-going maintenance for several sites, in addition to the one-time expenditures for additional equipment.

For the water reclamation side of the budget, **Ms. Jones** indicated the department projects \$1.3 million in revenues with the inclusion of 420 new customers from the Saguaro Bloom development, as well as, projecting 281 new connections. The department expects the sewer impact fee to generate \$1.25 million in revenues. The department will also hire a Water Reclamation Operator II position. Ms. Jones noted the budget expenditures for bio-solids and sludge hauling increased.

- b. **Resources:** *Item presented third out of order from approved agenda*, by **Asia Philbin**, Utilities Resources Coordinator. Ms. Philbin reviewed the department's total water resources and consumption rate. She reported that the department received 2,336 acre feet of water from CAP for recharge. Ms. Philbin indicated that the current

water consumption comes from storage recharge credits rather than ground water. The water supply sources include ground water and CAP long-term storage and annual recovery. Ms. Philbin reminded the board that there are limited ways to increase allowable use of groundwater and the department's water supply includes the use of water credits. During 2016, the department produced 2,177 acre feet and used 2,057 acre feet with a system loss of 120 acre feet of water. She also reported that the department has long-term storage credits of about 12,233 acre feet and extinguishment credits of 16,025 acre feet with allowable groundwater pumping credits of 1,716 acre feet.

Board Member Mehta asked for clarification regarding extinguishment credits. **Ms. Philbin** stated those are one-time use credits. She explained that without finding other credits to replenish the account as the department uses those credits, the account balance would continue to decrease. Board Member Mehta asked if long-term storage credit was different. Ms. Philbin clarified that with long-term storage credits the account balance could grow with roll-over from the unused annual credits, but those credits would still be for one-time use. She indicated that the department's ultimate goal is for growth to use renewable supplies and to use the various one-time use water accounts as a bridge to more renewable sources in the future.

Ms. Philbin also reviewed the total energy costs billed to the department during 2016. The department's monthly average energy costs with Tucson Electric Power was \$0.1197 per kilowatt hour for a total of \$146,930, while Trico Electric average monthly costs was \$0.0935 per kilowatt hours for a total of \$176,145. She indicated that the Town of Marana, as a whole, uses about 6,306,695 kilowatt hours with the Water Department making up 1,227,685 kilowatt hour of usage from Tucson Electric Power. Ms. Philbin indicated that the department does have a contract with the Department of Energy for 1 Megawatt (MW) of hydropower from the Parker Davis project. Marana also holds related contracts with Arizona Electric Power Cooperative (AEPCO) and Trico Electric regarding use of the hydro power for electric needs. Through the hydropower contracts, Marana save approximately \$29,000 on electricity in 2016. Marana uses approximately 0.25 MW directly and AEPCO schedules and manages the total contracted power to cover costs for what is not used directly.

Frank Cassidy, Town Attorney, asked how much the total savings would be if the Town used its hydroelectric power allocation rather than selling the allocation to the utility company. Ms. Philbin responded that the savings would be about \$30,000, but the current arraignment remains more economical in the short-term.

Transitioning her presentation to a review the department's physical assets, **Ms. Philbin** summarized the department's progress on integrating the capital asset management system, Cartegraph, with the Town's GIS program to better account for the fixed assets controlled by the Water department. The department continues its

cataloging project of physical assets to provide the necessary raw data for the database integration. Ms. Philbin expects the full project to start by December 2017. She also reported that the department is working to transfer complete sets of as-built water lines and other infrastructure assets to upload to the GIS database.

- c. **Capital Improvement Projects:** *Item presented second out of order from approved agenda*, by **Scott Schladweiler**, Deputy Water Director. Mr. Schladweiler reviewed the capital improvement projects differentiating between water improvement projects and water reclamation projects. The department is managing a variety of infrastructure projects simultaneously in various stages of planning and with variable timelines for completion. Mr. Schladweiler started his presentation with a review of six water improvement projects scheduled this year. Those projects include W+ to X Zone Booster and PRV Station, the San Lucas Interconnect, the Pioneer Well Site Equipping, the Twin Peaks Reservoir and Booster Station, the Picture Rocks Interconnect, and the Continental Reserve Interconnect. He emphasized these projects include both new construction and maintenance on existing assets. Ms. Schladweiler indicated the proposed projects would help to accommodate expected growth in the area.

Board Member Biggs asked if the department uses both reservoirs at the Hartman location. **Mr. Schladweiler** answered in the affirmative that the department does use both reservoirs to meet the needed volume for the area. He indicated that once the projects in that area are complete it would create resiliency in the system.

Mr. Schladweiler transitioned his presentation to a quick update regarding the SCADA Master Plan. He indicated that there are two projects within this multiyear plan. Project 1 is complete, which included HMI upgrades and server implementation at both the main water facility and the wastewater treatment facility. Project 2, involves network design. The department and its consultant preformed a radio survey at all water sites to review connection capabilities and then evaluated the network's overall design. Mr. Schladweiler stated that the design of Project 2 is almost 95 percent complete.

Moving to a review of the Northwest Recharge, Recovery, and Delivery System (NWRDRS), **Mr. Schladweiler** stated the department has partnered with Metro Water and The Town of Oro Valley to use renewable resources, rather than ground water. The plan is to recover CAP water for recharge of the system. He noted that the Town executed the intergovernmental agreement in April 2017. Mr. Schladweiler estimates a seven year project timeline. The total pipeline has the capacity to convey up to 10,400 acre feet and each jurisdiction will have its own booster station at the proposed forebay.

Board Member Biggs asked for clarification regarding the total costs for services. **Mr. Schladweiler** stated that the intergovernmental agreement defines the negotiated

costs associated with construction and is determined proportionality based on capacity.

Mr. Schladweiler's final update for the water improvement projects focused on groundwater quality assessment. He reminded the board that last year the department instituted voluntary testing at its wells to determine overall quality. The results detected the presence of perfluorooctanesulfonate and perfluorooctanoic acid. The detected compounds are unregulated and the department is not required to test for them or required to treat them. However, Mr. Schladweiler stated there are health advisories out for the substances and the department did notify system customers. The department has retained an engineering firm to assist with treatment and mitigation strategies. Mr. Schladweiler expects a final recommendation report with a plan and total costs by October 2017.

Board Member Montague asked if the department had received any data regarding the test sites for water service in the Pines subdivision. **Mr. Schladweiler** acknowledged the pilot testing looking for treatment of groundwater contaminants was completed in that area. He noted that the treatment process used affected only one of the compounds. Mr. Schladweiler stated they continue to look at a variety of technologies to address those issues.

Mr. Schladweiler shifted to a review of the water reclamation improvement projects. He informed the board that the department conducted a manhole assessment and found about 25 manholes in various states of disrepair which will need to be addressed in the future. However, the current capital improvement budget does not have funds designated for this project. Mr. Schladweiler indicated that there are limited funds available from the community facility district which can help cover the cost of repair and/or replacement for some of the affected manholes.

Mr. Schladweiler briefly discussed the progression of the Tangerine Downtown Sewer Conveyance System. He reported Phase 1 was complete and Phase 2 was substantially complete. The conversion of Saguaro Bloom from Pima County to Marana occurred on May 18, 2017. The process required the system be on-line during the conversion to ensure proper flow through the system.

Construction on the Marana Water Reclamation Facility started and **Mr. Schladweiler** anticipates substantial completion of the project with the plant ready for operations by May 2018. The Economic Development Department has been tracking the new plant's construction's progress with a drone and created a video time-line. (<https://youtu.be/XUBveJdjoaM>)

- d. **Department Initiatives:** Presented by **Amanda Jones**, Business Services Coordinator. Ms. Jones concluded the presentation to the board by briefly reviewing

the department's 2016 Annual Water Quality Report, which highlights water quality and other information about the department's operations.

Board Member Biggs asked how the department distributes the Annual Water Quality Report. **Ms. Jones** indicated that department posts the completed report on-line and mails a copy to residents.

Also, **Ms. Jones** reported that the department's water quality division would start its annual required lead and copper testing in North Marana. The department divides the water service into several areas testing each area on a three year cycle. The department is particularly interested in getting about 20 water samples from homes that are per 1980 construction. She also stated the department has a video on the website regarding water testing and uses weekly email alerts to keep water customers updated about department activities.

Ms. Jones briefly reviewed the details of an executed intergovernmental agreement between Marana Water and the City of Tucson Water that facilitates an annual exchange for resources between the two providers. She then updated the board regarding the statewide Recycled Water Rule, reporting that the governor allowed a review of the reclaimed water rules. The Governor also created an ad hoc committee, which Water Director John Kmiec sets on, to review the rules focusing on the prohibition of direct potable reuse of treated reclaimed water. Ms. Jones indicated that changes to this prohibition would be another source of water for consumption. The committee is expected to provide a report to the Governor's Office by October 2017.

Ms. Jones also briefly touched on department's amendment/adjustment for the water impact fees. She presented an estimated timeline for the Marana Town Council to consider the adjusted rates with final consideration of the rate change at the November 21, 2017 council meeting.

Finally, **Ms. Jones** reported that the Marana Water department received the 2017 Wastewater Operator of the Year-Small System award and the 2017 Small Water System award at this year's Arizona Water Conference.

Board Member Biggs thanked the staff for their presentation stating he was impressed with their knowledge and through review of the information.

Mr. Cassidy asked for an up-date regarding the "beer initiative". **Chairman Kmiec** responded that three local breweries would be using recycled Marana water for their competition entries. He also stated that the water provided for the September Water Conference would be the same water used for the beer competition. September 9, 2017 is the officially judged event. Chairman Kmiec stated that the treatment threshold for the water is 99.99¹⁶ percent.

6. CALL TO THE PUBLIC. There were no members of the public present.

7. **FUTURE AGENDA ITEMS.** No future agenda items were offered.
8. **ADJOURNMENT.** *Upon a motion by Board Member Jeff Biggs and seconded by Board Member Erik Montague, the meeting adjourned at 4:17 p.m. Passed 5-0.*

CERTIFICATION

I hereby certify that the foregoing administrative summary is a true and correct representation of the Town of Marana Utilities Board meeting held on July 21, 2017. I further certify that a quorum was present.

Hilary H. Hiser, Deputy Town Clerk