

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

August 12, 1996
Canyon Room
Westward Look Resort
245 East Ina Road
Tucson, Arizona 85704

MINUTES

Board Members Present: Peter Schlegel, Chair
Marty Cramer, Vice-Chair
Jim Doyle, Member
James Tripp, Member

Board Member Not Present: Herb Johnson, Member

District Staff: Mark Stratton, General Manager
Phil Higdon, Legal Counsel
Michael Land, Chief Financial Officer
Michael McNulty, Legal Counsel
Warren Tenney, Clerk of the Board

Call to Order and Roll Call

Mr. Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 5:33 p.m. Ms. Marty Cramer, Mr. Jim Doyle and Mr. Jim Tripp were present. Mr. Herb Johnson was not present due to being out-of-town.

Executive Session

Mr. Tripp moved that the Board of Directors hold an Executive Session. Ms. Cramer seconded the motion and it passed unanimously. The Board went into Executive Session at 5:34 p.m.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(3), (consultation for legal advice with the attorney or attorneys of the District) and/or executive session pursuant to A.R.S. § 38-431.03 (A)(4), (to consider the Board's position and instruct its attorneys in pending or contemplated negotiations or litigation) and/or A.R.S. regarding the following:

- A. Litigation with the City of Tucson.

The Board returned from Executive Session at 6:08 p.m.

Regular Session

I. Call To Order and Roll Call

Mr. Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular session of the Board meeting to order at 6:13 p.m. Ms. Marty Cramer, Mr. Jim Doyle, and Mr. Jim Tripp were present. Mr. Herb Johnson was not present.

II. Comments From The Public

There was no comment from the public.

III. Consent Agenda

- A. Approval of Minutes -- July 8, 1996 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bill of Sale - La Cresta, Parcel 1.**
- D. Ratification of Agreement with BH Consulting.**
- E. Approval of Amendment to Miscellaneous Geotechnical Contract with Terracon.**

Mr. Tripp moved to accept the items listed under the consent agenda. Ms. Cramer seconded the motion and it passed unanimously.

IV. General Business -- Items For Discussion and Possible Action

A. Litigation with the City of Tucson.

Mr. Michael McNulty of Brown & Bain noted that a hearing is scheduled for August 19, 1996 before Judge Veliz regarding the effect of Proposition 200 on the City of Tucson's customers, including the District.

Mr. Mark Stratton, General Manager, informed the Board that he was working to resolve some questions raised by Tucson Water regarding the District's groundwater savings project with BKW Farms.

B. Report of Risk Assessment Study conducted by Robert F. Healey, d.b.a. Renaissance Risk Consultants.

Mr. Stratton said that the Board had received the risk assessment report as prepared by Mr. Robert Healey. The report made a number of recommendations that Mr. Mike Land, Chief Financial Officer, would be implementing and those issues establishing policy would be brought before the Board.

Mr. Tripp noted that Mr. Healey had suggested that the District join the Society of American Engineers and did not reference the National Safety Council. Mr. Healey said the District should join both.

Mr. Schlegel said that he was impressed with Mr. Healey's efforts and concurred with his recommendations. He wanted clarification regarding the contingency plan due to loss of a reservoir and the extra insurance needed. Mr. Healey said that if a reservoir failed, the District would probably have an agreement for contingency plans with other entities, which would generate expenses that can be covered under an extra insurance coverage. Mr. Stratton noted that when a tie-in was made with Tucson Water due to low pressure in the Linda Vista area, Tucson Water charged more than the District's costs, which could have been recovered if that coverage had been in place. Mr. Healey said that the District has excellent insurance but it should declare those locations that could be affected under a contingency plan.

Mr. Schlegel asked if staff needed any further direction. Mr. Stratton said that based on Mr. Healey's recommendations, staff will implement the items that can be handled as soon as possible; however, those items that will need Board action will be brought before the Board prior to implementation. Mr. Schlegel said he wanted to be certain that the recommendations will be implemented as soon as possible.

Ms. Cramer asked when the District's insurance policy is to be renewed. Mr. Stratton and Mr. Land noted that the insurance coverage will be renewed in October and additions can be made to the coverage. Ms. Cramer asked if Mr. Healey anticipated any substantial increases to the current insurance rates. Mr. Healey said that the amount of the increase would need to be discussed with an insurance broker. Mr. Stratton said staff would keep the Board informed.

C. Monthly Financial Report.

Mr. Land reported that he is still currently working on the budget summary but will have a two month report for the September 9, 1996 Board meeting. He noted that revenues have been higher most likely due to the rate increase and high water consumption in the summer.

Mr. Schlegel questioned a reconciliation in the monthly check register. Mr. Land said it involved the transfer of payroll and taxes that are not handled through written checks.

D. Status Report of Bond Advisory Committee.

1. Approval of Five-Year Capital Improvement Program.

Mr. Tripp made the motion to approve the five-year capital improvement program for the District. Ms. Cramer seconded the motion and it passed unanimously.

2. Recommendation for Survey of District Residents.

Mr. Tripp made the motion to direct staff to proceed with the survey of District residents regarding a contemplated bond election as it has been amended. Ms. Cramer seconded the motion.

Mr. Stratton said the most of the survey questions were presented at the March 11, 1996 Board meeting except for a few changes made by the Bond Advisory Committee. The Summit Group, the firm conducting the survey, will expedite the survey results for the Board and the Bond Advisory Committee.

Mr. Schlegel noted that the survey will solicit by telephone 400 people for \$6,000; yet, the Board may want to entertain mailing a similar survey in writing to all customers that could be done at the same price as the phone survey. This approach would allow for more people to be contacted and to rewrite some of the questions more professionally.

Ms. Cramer asked if the District has contracted with the Summit Group. Mr. Stratton said that the District does not have a contract with the Summit Group and has put the Summit Group on hold for a number of months. Ms. Cramer said that the Board had already decided to do the telephone survey and that a mail survey would then need to be done in addition.

Mr. Tripp said that the Bond Advisory Committee was comfortable with the questions and recommended the Board to proceed with the survey. Although the decision by the Board to do a survey was made before becoming a Board member, Mr. Tripp said he was certain the Board had a good reason to make that decision. The Bond Advisory Committee's function is to make recommendations to the Board and he is comfortable with the recommendation that is made. Additionally, the phone survey is set so that the District pays for only those surveys completed.

Mr. Schlegel called for a vote on the motion to proceed with the survey. The motion passed unanimously.

E. Award of Professional Service Agreements for Design of Transmission Mains.

- 1. Thornydale Well Transmission Main -- Camp, Dresser & McKee.**
- 2. La Cholla Blvd. Transmission Main (La Cholla Blvd. & Magee Road) -- Cella Barr & Associates.**
- 3. La Cholla Blvd. Transmission Main (La Cholla Blvd. & Orange Grove Road) -- Greiner, Inc.**

Mr. Tripp made the motion to approve the following: 1) Thornydale Well Transmission Main (M-96-11) Professional Services Agreement with Camp, Dresser & McKee, Inc., for a not-to-exceed contract amount of \$165,338.00; 2) La Cholla Blvd. Transmission Main (M-96-12) Professional Services Agreement with Cella Barr Associates for a lump sum contract amount of \$91,657.19; and 3) La Cholla Transmission Main (M-96-13) Professional Services Agreement with Greiner Inc., for a lump sum contract amount of \$76,481.27. Ms. Cramer seconded the motion and it passed unanimously.

Mr. Stratton noted that staff had recommended a guideline regarding the approval of changes to the contracts based on previous Board direction.

Ms. Cramer made the motion to authorize the General Manager to approve changes to the above noted contract amounts and contract terms using the following guidelines: a) the General

Manager has the authority to approve an increase in the contact amount up to a cumulate \$25,000; and, b) the General Manager has the authority to approve an increase in the contract term up to a cumulative 60 calendar days. Any approval by the General Manager must receive the approval of the CIP Board Member Committee. Any changes in excess of the above limit will be submitted to the full Board of Directors for approval. Mr. Tripp seconded the motion and it passed unanimously.

F. Award of Professional Service Agreement for Miscellaneous Water Distribution Design Services II.

Mr. Tripp made the motion to award the professional service agreement for Miscellaneous Water Distribution Design Services II for a total amount not-to-exceed \$50,000 to Cella Barr Associates. Mr. Doyle seconded the motion and it passed unanimously.

G. Award of Miscellaneous Hydrogeological Services Contract.

Mr. Tripp made the motion to award the Miscellaneous Hydrogeological Services Contract to Groundwater Resources Consultants, Inc., on a time and materials basis not-to-exceed \$25,000. Ms. Cramer seconded the motion and it passed unanimously.

H. Approval of Water Service Agreement -- The Bluffs, Phases I, II & III (Lots 1 - 248).

Ms. Cramer made the motion to approve the water service agreement with Pulte Homes for the Bluffs, Phases I, II & III (Lots 1-248). Mr. Tripp seconded the motion and it passed unanimously.

I. Approval of Intergovernmental Agreement with Pima County for Land Assessment Services for the CDO Recharge Project Pipeline Route and Big Wash/Oasis Recharge Sites.

Mr. Tripp made the motion to approve the intergovernmental agreement between Pima County Real Property and Metropolitan Domestic Water Improvement District to provide land assessment services for the CDO pipeline route and Big Wash/Oasis recharge sites on time and materials basis not-to-exceed \$20,000. Ms. Cramer seconded the motion and it passed unanimously.

J. Approval of Agreement with Cortaro-Marana Irrigation District for Groundwater Savings Projects.

Mr. Tripp made the motion to approve the structure and pricing elements of the proposed agreement with Cortaro-Marana Irrigation District, subject to any contractual concerns being addressed to the satisfaction of District legal counsel and that the Board Chair be authorized to sign the agreement as approved by legal counsel.

Mr. McNulty said that he had thought the City of Tucson and the District had developed a working relationship despite the litigation. However, based on the City's recent response to the

District's participation in the groundwater savings project with BKW Farms, he would reexamine the proposed agreement.

Mr. Schlegel asked when the agreement needed to be signed. Mr. Stratton said that it should be completed so that water orders can be made with the Central Arizona Water Conservation District by October 1, 1996.

Ms. Cramer seconded the motion and it passed unanimously.

K. Approval of Contract with Central Arizona Water Conservation District for Excess CAP Water.

Mr. Tripp made the motion to approve the excess CAP water contract between the Central Arizona Water Conservation District (CAWCD) and Metropolitan Domestic Water Improvement District and the contract be in effect for ten years beginning for the remainder of 1996. Ms. Cramer seconded the motion.

Mr. Stratton noted that the contract does not obligate the District to purchase water if it can find water elsewhere on more favorable terms or working with other entities. The purchase of any water will be brought before the Board.

Mr. Schlegel called for a vote for the motion to approve the contract with CAWCD. The motion passed unanimously.

L. Discussion of Proposed Agreement with Flowing Wells Irrigation District.

Mr. McNulty explained that the Board of the Flowing Wells Irrigation District authorized its general manager to pursue an agreement under general terms, without approval of any formal contract to transfer its CAP contract. Under the statutes, before any entity transfers its CAP allocation, that entity is to confer with and seek advice from the Arizona Department of Water Resources (ADWR). To follow the proper protocol and mindful of ADWR's role, the Board should not approve the draft agreement at this time but authorize Mr. Stratton to work with ADWR and other entities to make certain all arrangements are in place.

Mr. Tripp made the motion to approve the authorization of staff to work with the Arizona Department of Water Resources and other appropriate entities to seek advice regarding the proposed agreement with Flowing Wells Irrigation District (FWID) for the transfer of its CAP allocation to the District. Ms. Cramer seconded the motion.

Mr. Schlegel asked if the District can consider leasing if the transfer is not approved by ADWR. Mr. Stratton said that since the District is showing an intent of usage, it would be advantageous to enter a wholesale agreement with FWID.

Mr. Schlegel questioned if there is any benefit to contact any other entities or individuals to ensure approval of such a transfer. Mr. Stratton said yes; however, he wanted to meet first to try to secure ADWR and CAWCD's approval.

Mr. Schlegel called for a vote for the motion to approve staff to work with the Arizona Department of Water Resources and other appropriate entities to seek advice. The motion passed unanimously.

M. Recommendation for Further Assessment of Water Supply in District's Southwest Area.

1. Amendment of Technical Services Contract with Malcolm Pirnie, Inc. And Direction to Staff.

Mr. Tripp made the motion to approve the contract amendment with Malcolm Pirnie, Inc., which increases the contract time and amount to \$30,000 and direct staff to purchase and install the necessary equipment for the South Shannon Reservoir modification. Ms. Cramer seconded the motion and it passed unanimously.

Mr. Tripp asked Mr. Chris Hill, Utility Superintendent, if the Utility Division was capable of handling the issue. Mr. Hill said he was.

2. Direction to Staff.

No further direction was given to staff regarding this agenda item.

N. Transfer of Tucson Water Customers to the District.

Mr. Stratton explained that the transfer of some Tucson water customers to Metro Water District was due to boundary settlement. Lavery Lane was one area and the other was in the northwest part of the District at Los Lobos Road. Tucson Water sent letters to the customers notifying them of the changes. The District will be sending a welcome letter.

Mr. Schlegel asked if any other information will be sent. Mr. Stratton said that information about the rates and a copy of the newsletter would also be supplied. Mr. Schlegel asked if Tucson Water's bill also included the sewer fee as does the District's bill. Mr. Stratton answered yes.

O. Approval of Design/Build Team for Office Building.

Mr. Tripp made the motion to direct staff to negotiate a final scope of services, schedule, fees and professional services agreement with Terry L. Armstrong - Architect for the design of three (3) separate pre-engineered metal building for the District. Ms. Cramer seconded the motion.

Ms. Cramer asked if the design of the buildings will alter if the office location changes. Mr. Stratton said that the buildings will to be designed such so they can be placed on any site, though the final site plan layout cannot be done until the site selection is made. After receiving proposals, Legal Counsel advised that the District was prohibited to receive bids for design/build and separate bids need to be requested for the construction; therefore, staff's recommendation is only for the design contract.

Ms. Cramer also asked why three separate buildings rather than one was being proposed. Mr. Stratton said that originally, a main office with a board room and then a maintenance building had been proposed. However, some Board members noted that the configuration of the meeting room and requirements for ceiling height could be restrictive and options should be left open for the architect. Mr. Schlegel noted that the scope of services will not be limited to three buildings, but the conceptual layout and related issues will be brought before the Board for concurrence.

Ms. Cramer asked what the fee will be. Mr. Stratton said that the fee will be negotiated. In this proposal stage, the District wanted to determine who was most qualified and then a contract would be drafted and brought before the Board.

Mr. Schlegel called for a vote for the motion regarding directing staff to negotiate a contract with Terry L. Armstrong. The motion passed unanimously.

P. Approval of Purchase of Billing and Accounting Software.

Mr. Tripp made the motion to approve procurement of software from the Data West Corporation in an amount not-to-exceed \$25,950. Ms. Cramer seconded the motion.

Mr. Tripp noted that the District's existing software, TAABS, has been disappointing since its purchase and Data West should have been utilized initially.

Ms. Cramer asked if hardware support for the software was adequate. Mr. Land said that it is serviceable though some upgrading may be necessary. Ms. Cramer also asked if the new computer hardware has adequate memory for the new software. Mr. Land said that from a review of the hardware, it should have adequate memory. Ms. Cramer asked if Data West has local support. Mr. Land said that Data West is based in Durango, Colorado and provides a support line from 7:00 a.m. to 7:00 p.m., Monday through Friday. This arrangement is better than what is presently provided. Many references have been checked including local users of Data West support, which have been favorable.

Mr. Schlegel called for a vote for the motion regarding the procurement of software from Data West Corporation. The motion passed unanimously.

Q. Resolution No. 1996-5 -- Relationship between the Board and the General Manager of the District and Authority of the General Manager.

Ms. Cramer made the motion to approve Resolution No. 1996-5 regarding the relationship between the Board and the General Manager of the District and authority of the General Manager. Mr. Tripp seconded the motion and it passed unanimously.

V. General Manager's Report

Mr. Stratton said he would verbally provide his report since various meetings and issues had prevented him from completing a written report. He would provide status reports from the divisions. He noted that on August 13, 1996, the District will receive an award from the Pledge-A-Job Program for the District's efforts in hiring summer students. Mayor Miller will present the

award and Mr. Schlegel will represent the Board. Ms. Alma Larios, one of the Districts Customer Service Representatives, began with the District through the program.

Mr. Stratton reported that the construction crew has begun work at Riverside Terrace to replace 2,900 feet for a main replacement project. Residents look forward to having hydrants and better service when construction is completed. The pilot hole drilling has begun at Stiller Well. The Magee/La Cholla well is to be on-line pending delivery of an electric component the end of September.

Mr. Stratton noted that the power outage that affected Arizona on August 10, 1996 impacted the District's electrical system and efforts are still being made to resolve any lingering problems from the outage. Ms. Cramer asked if the District had any power backup. Mr. Stratton said that the District does not have a back-up capability and hope the outage will be an example of the need for capital improvements. Mr. Schlegel said staff should explore a portable generator to be placed on the back of a truck to use during outages. Mr. Stratton said that staff has been investigating portable generators, which could cost \$50,000, to meet our needs. Additionally, staff has been examining natural gas driven engines as a back-up during an emergency.

VI. Legal Counsel's Report

Legal Counsel had nothing further to report.

VII. Future Meeting Dates; Future Agenda Items

The Board scheduled a study session for August 27, 1996. The next regular Board meeting is scheduled for September 9, 1996.

VIII. Adjournment

The Board adjourned the meeting at 7:15 p.m.


Peter H. Schlegel, Chair

ATTEST:


Clerk