

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

August 13, 2001

**** Board Room****

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

MINUTES

Board Members Present:	Pete Schlegel, Chair Dennis Polley, Vice Chair Dan M. Offret, Member
Board Members Absent:	Jim Doyle, Member Marlene Wright, Member
District Staff:	Mark Stratton, General Manager Warren Tenney, Clerk of the Board Doug Lemke, Legal Counsel

I. Call to Order and Roll Call

Pete Schlegel, 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. Pete Schlegel, Dennis Polley, and Dan M. Offret were present. Jim Doyle was not present due to his presence being required at his workplace. Marlene Wright was not present as she was recovering from surgery.

II. General Comments From the Public

Charles Chappell of 145 West Greer Lane was present in the audience and requested to speak to the Board regarding the last two water bills his homeowners association received. Mr. Chappell said there was a fracture in the meter box and his water bill had increased from the average monthly bill of \$90 to \$1,680 and \$1,100 during the last two months. Mr. Chappell asked if the District normally advised customers when there was a large increase in billing amounts and said he had not been contacted.

Mike Land, Chief Financial Officer, responded that it was District policy to do a courtesy telephone call as well as sending a letter to the customer whenever there was a significant

increase in water consumption. Mr. Land advised Mr. Chappell that he would check into the matter further and asked Mr. Chappell to contact him at his office.

Mr. Schlegel asked District staff to review procedures for notification to customers regarding substantial increases in water consumption and respond back to the Board.

III. Consent Agenda

- A. Approval of Minutes – July 9, 2001 Board Meeting
- B. Approval of Minutes – July 27, 2001 Study Session
- C. Ratification of Billing Adjustments

Mr. Polley made a motion to approve the items on the Consent Agenda. Mr. Offret seconded the motion. Motion passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mr. Polley thanked staff for the information and said the report is a useful tool. Mr. Stratton said the information is also available on the District web site and in the customer service area.

B. Financial Issues.

Mr. Land provided the Board with a copy of the 2001/2002 adopted budget manual.

Mr. Offret asked if the issues with U.S. Bank had been resolved. Mr. Land commented the problem had been resolved with the late charges paid by U.S. Bank and the invoices sent on time.

C. Changing Financial Services to Community Bank.

Mr. Land said staff was addressed by Community Bank, who had offered to show staff their facilities and answer any questions. He added the cost of Community Bank services is comparable with those of Bank of America. Mr. Offret asked if the District changed to Community Bank were there any foreseeable concerns with the deposits or transactions with Pima County. Mr. Land responded that in the past there had not been any problems changing banks.

Mr. Schlegel and Mr. Polley agreed they would like to have a locally owned bank provide banking services to the District.

Mr. Polley made a motion to change banks to Canyon Community Bank. Mr. Offret seconded the motion. Motion passed unanimously.

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D. Sound System for Board Room.

Mr. Schlegel said he found it difficult to understand the audience when they spoke and feels this could be remedied if the Board room was equipped with a sound system and microphones. He stated that recently during a Homeowners Association meeting held in the Board room he had problems hearing everyone in the room when they spoke. Also of concern is if by chance there were an overflow crowd of people standing outside of the Board room trying to listen to persons inside the room, they would not be able to do so without a sound system which would extend to outside the Board room. Mr. Schlegel said he would like to have the Board room professionally and appropriately equipped with a sound system.

Mr. Offret agreed the Board room needed appropriate equipment to ensure hearing and understanding public comments but questioned how extensive of a system is needed. Mr. Offret said the bids presented to the Board are confusing as the vendors are offering different equipment. Mr. Offret requested that staff obtain additional information for further consideration, and suggested staff contact vendors listed on the State bid list of vendors as they may be less expensive.

Mr. Stratton asked for direction from the Board on what type of sound system and equipment staff should consider when obtaining quotes. Mr. Schlegel suggested discussing this at the next study session.

Mr. Schlegel noted the money for the sound system would come from Municipal Property Corporation (MPC) funds. Mr. Offret asked if some of the MPC funds were being targeted for re-paving the District parking lot. Mr. Land said the issue of paving had been discussed in past meetings and monies were earmarked for the paving project. Mr. Schlegel said the remaining MPC funds and the sound system item will be discussed at the next study session.

E. Extension of Mortgage on 7235 N. Paseo Del Norte.

Mr. Offret moved to approve the amendment to the promissory note that Larson & Brashear, L.L.C., holds with the district for 7235 N. Paseo del Norte, which will extend the term of the mortgage to 84 months. Mr. Polley seconded the motion. Motion passed unanimously.

F. Aesthetics and Noise Abatement for Capital Projects.

Mr. Schlegel said he agreed that a general policy should exist about aesthetics and noise abatement for capital projects; however, he did not feel it was necessary for the Board to have a specific policy and review of every single project. Mr. Offret said he would prefer to have minimum standards in place as opposed to site specific issues that the Board would have to decide upon each time. Mr. Polley said the District has learned about the importance of contacting customers prior to projects beginning. Mr. Stratton noted that feedback is solicited at

meetings with the public about projects; however, it was felt that the district should have some general principles or guidelines to follow.

Mr. Stratton noted that the staff report cited an upcoming public meeting on well modifications and new wells, with recommendations on how to address the aesthetics and sound concerns. Mr. Offret asked about walls versus fences. Mr. Stratton cited each project and why a wall or fence was recommended based on the given circumstances. Regarding razor wire at the top of the fences, Mr. Stratton noted that neighbors generally do not prefer it; however, security issues do exist. Mr. Schlegel agreed noting that without a serious approach to security issues the District was more vulnerable to liability suits.

Mr. Offret questioned if a general statement could be developed regarding the District's position on aesthetics and noise abatement. Mr. Stratton referred the Board to page 2 of the agenda report which proposed a list of general principles to be followed by the District. Mr. Offret agreed the principles were a good starting point for the District to pursue with each capital project.

G. Approval of Membership in the Water Conservation Alliance of Southern Arizona.

Mr. Offret moved to approve continued funding for the Water Conservation Alliance of Southern Arizona through the contribution of \$21,368 for Fiscal Year 2001-2002. Mr. Polley seconded the motion. Motion passed unanimously.

H. Approval of Resolution 2001-3 – Canyon Ranch Estates as Member Lands with CAGR D.

Mr. Polley asked for clarification on the issues regarding the resolution. Mr. Stratton explained that Hub Water Company never applied for a designation of an assured water supply. The District applied for an assured water supply in 1995; however, Hub was not included and has not been brought into the District's designation. Mr. Stratton said the only way new areas can be served is if they join as a development project with Central Arizona Groundwater Replenishment District (CAGR D). Property owners will have a tax assessment on their properties which will pay for their share of the replenishment water.

Mr. Polley moved to approve Resolution 2001-3 to authorize the Chair or Vice-Chair to execute documents with the CAGR D for member lands associated with Canyon Ranch Estates II. Mr. Offret seconded the motion. Motion passed unanimously.

I. Award of Construction Contract for the Shannon Road Waterline Lowering, Phases I & II.

Mr. Polley inquired if the District had received a response from Pima County Department of Transportation regarding a letter which staff had sent wherein the District objected to the manner in which Pima County Department of Transportation roadway project schedules were being expedited without consideration of the utilities relocation work. Mr. Stratton said a response has

not been received and stated he will keep the Board advised as to any response or future correspondence from Pima County.

Mr. Offret asked if the District had control over the type of materials which will be used in the project. Mr. Maish stated yes, and advised the materials being used were acceptable.

Mr. Offret made a motion to award the construction contract for Shannon Road Waterline Lowering, Phases I & II (M-01-08) project to Granite Construction Company in the amount of \$166,143.00, and to authorize the General Manager to allocate additional funding a cumulative amount not-to-exceed \$4,577. Mr. Polley seconded the motion. Motion passed unanimously.

J. Approval of Replacement Contract for Incentive Recharge Water between the District and the Central Arizona Water Conservation District.

Mr. Offret moved to approve the replacement contract for Incentive Recharge Water Contract between the Metropolitan Domestic Water Improvement District and the Central Arizona Water Conservation District. Mr. Polley seconded the motion. Motion passed unanimously.

K. Agreement between Metropolitan Domestic Water Improvement District and Herb Kai.

Mr. Offret asked about water being "unacceptable" for irrigation purposes and asked who makes that determination and how is it made. Mike Block, District Hydrologist, said the farmer makes the determination. If he finds the water is unsuitable for irrigation purposes he has the right to refuse it. Mr. Block said this is a situation that is highly unlikely to occur.

Mr. Stratton gave an example of when Tucson shut off the water and it sat in the canal for two years and algae built up, therefore it was deemed unacceptable. Mr. Schlegel said other examples might include if sewage were to contaminate the water, or a high salt content was found in the water.

Mr. Lemke said Mr. Kai has sole discretion on whether he accepts or refuses delivery of the District's Incentive Recharge Water. He also stated this contract is the same as previous contracts between Herb Kai and the District, which have been in effect for 3 prior years.

Mark Myers, consultant, said that CAP water is by far the least expensive water for Mr. Kai to be using for irrigation purposes. He added if groundwater was used as an alternate it would be much more costly.

Mr. Polley moved to approve the new Agreement for 2002 between the Metropolitan Domestic Water Improvement District and Herb Kai for "in-Lieu Water Deliveries and Storage" and that the contract be in effect until December 31, 2004, subject to annual approval by the District and Herb Kai. Mr. Offret seconded the motion. Motion passed unanimously.

L. Award of Contract for Microscopic Analysis Analytical Services.

Mr. Offret moved to approve the award between the Metropolitan Domestic Water Improvement District and Bolin Laboratories, Inc. for Microscopic Particulate Analysis Services at a cost of a not-to-exceed amount of \$35,000., and that the contract will be in effect until June 30, 2004, subject to annual approval by the Board of Directors. Mr. Polley seconded the motion. Motion passed unanimously.

M. Status of Governor's Water Management Commission.

Warren Tenney reviewed some points from the August 10, 2001 Governor's Water Management commission meeting and noted the Board had received a summary of the meeting. Mr. Tenney also noted the proposed Renewable Supply and Replenishment fee and advised this would not affect the District. The exempt well proposal has gone forward and it basically would prohibit any new exempt wells within the District's service area, and would also make exempt wells truly exempt so as not to impact the District's ability to drill new wells. Mr. Tenney said regarding the infrastructure financing authority, some of the previous problems have been resolved but it is clear this will be an uphill battle as there is some resistance to create a new special district and how property within municipal service area boundaries would be taxed.

Mr. Schlegel asked if all the items would be moved forward. Mr. Tenney said meetings and workshops are being held to further define the proposals. It was not certain everything would move forward.

Mr. Offret thanked staff for outlining how the different items might affect the District. Mr. Stratton said the Board may want to consider making statements on items of importance to the District at the workshop to be held in Tucson. Mr. Schlegel asked staff to continue to bring forth to the Board any commission or legislative issues they believe will directly affect the District.

V. General Manager's Report

Mr. Stratton said Hub well #4 has been put back on line without any problems or outages. Mr. Offret and Mr. Land have been working with Mr. Stratton on developing a District policy on training and personal development for staff. Staff is working on records storage and statutory requirements regarding record retention. Mr. Stratton stated that the District has not heard any news from the Sheriff's Office regarding the hydrant vandalism.

Mr. Schlegel asked about the embezzlement issue. Mr. Stratton responded that the District has not heard anything further, but it is now an issue with the insurance company as the District has been reimbursed by the insurance company and they are filling the claim for damages.

Mr. Stratton said the THM testing results came back from the lab and they indicated there were no problems with the water. However, they have since contacted staff and said they would be doing another test on the sample. Staff has been preparing a notification to customers in the event the lab results indicate problems or violations.

Mr. Stratton said staff will prepare comments to be presented to the Environmental Protection Agency with respect to the arsenic issues before them.

Regarding Lot 39 Cabo Catalina, Mr. Stratton said he will provide more information at the September Board meeting with respect to the property status.

VI. Legal Counsel's Report

Mr. Lemke said NAC discussions continue to progress, and NAC has dropped one of the claims regarding the bedding material which had a potential value of \$80,000. At this point the District and NAC will not be going to arbitration. NAC is still maintaining their other claims. Mr. Stratton is to meet with NAC representatives.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board will be September 10, 2001.

Mr. Schlegel inquired about the legislation on compensation issue for Board members. Mr. Stratton said staff is working on it for the September 10, 2001 meeting.

VIII. Adjournment

The meeting adjourned at 7:20 p.m.



Peter H. Schlegel, Chair of the Board



Clerk of the Board