

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

December 11, 2000

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

MINUTES

Board Members Present: Pete Schlegel, Chair
 Jim Doyle, Vice-Chair
 Dennis Polley, Member
 Sam Ray, Member
 Marlene Wright, Member

District Staff: Christopher W. Hill, Deputy Manager
 Warren J. Tenney, Clerk of the Board
 Lisa Chase, Legal Counsel

I. Call to Order and Roll Call

Mr. Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:05 p.m. Jim Doyle, Dennis Polley, Sam Ray, Pete Schlegel and Marlene Wright were present.

II. Presentation to Sam E. Ray

Mr. Schlegel presented Sam Ray with a token of the District's appreciation for his years of service as a Member of the Board and former Chairman of the Board. Mr. Ray thanked the Board Members and District staff.

III. General Comments From the Public

There were no comments from the public.

IV. Consent Agenda

- A. **Approval of Minutes – November 13, 2000 Study Session.**
- B. **Approval of Minutes – November 13, 2000 Board Meeting.**
- C. **Ratification of Billing Adjustments.**

Ms. Wright made a motion to approve the consent agenda. Mr. Polley seconded the motion and it passed unanimously.

V. General Business – Items for Discussion and Possible Action

A. Financial Issues.

Mike Land, Chief Financial Officer, stated that the District would be donating used computer hardware and monitors to Desert Waste Not Warehouse, a non-profit local organization, as has been done previously. The Board members had no questions regarding the Financial Report.

B. Appointments to Bond Oversight Committee.

Ms. Wright made a motion for the District to advertise the vacancies on the Bond Oversight Committee and staff bring back to the Board for its review any letters of interest. Mr. Polley seconded the motion.

Mr. Polley asked Mr. Ray if he might be interested in serving on the Bond Oversight Committee. Mr. Ray responded that he would be interested and he would apply after the positions were advertised.

Mr. Schlegel called for a vote on the motion to have District advertise the vacancies on the Bond Oversight Committee. The motion passed unanimously.

C. Discussion of Proposed Rate Adjustment and Scheduling of a Public Hearing.

Chris Hill, Deputy Manager, explained that the purpose of the proposed public hearing was two-fold. He stated that the first component was to consider the fourth rate of five yearly 4% rate increase to pay for the Capital Improvement Program. The second purpose was to consider user specific fees. Staff is requesting a study session on January 8, 2001 at 5:00 p.m. to discuss the rates in further detail and to schedule a public hearing on January 23, 2001.

Mr. Polley made a motion to schedule a public hearing for January 23, 2001 at 7:00 p.m. for the purpose of discussing the proposal of a 4% increase in the water rates and other possible changes in the District fees. Mr. Doyle seconded the motion.

Mr. Ray asked for clarification on the amount of revenue the District expected from imposition of late fees. Mr. Land explained that about 1,000 to 2,000 customers out of the total 16,500 customer base are usually late with their payments. These fees would only be for delinquent payments, not actual turn-on fees.

Mr. Schlegel and Ms. Wright requested that information be provided to affected parties, i.e., fire districts and invite them to the Study Session. Mr. Tenney replied that public notices are

published in local newspapers prior to public hearings, but that the District always goes the extra mile for informing customers of public hearings through billing inserts. A letter would be sent to the fire districts.

Mr. Ray asked if the District has to maintain standards for fire hydrants as directed by fire districts. Mr. Hill responded that the District maintains the hydrants in a operating standard ensuring that there are no leaks and valves turn.

Mr. Schlegel called for a vote on the motion to hold public hearing on January 23, 2001. The motion passed unanimously.

D. Approval of Memorandum of Understanding with Pima County for the Sonoran Desert Conservation Plan.

Mr. Ray made a motion to approve the Memorandum of Understanding with Pima County for the Sonoran Desert Conservation Plan. Ms. Wright seconded the motion.

Mr. Schlegel asked if the District would be prohibited from any construction projects if Pima County does not comply with any pygmy owl constraints. Charlie Maish, District Engineer, replied that protocols are in place to ensure that the District has met survey requirements for several years. He added that Section III of the Memorandum of Understanding states that the County and the District will comply with federal requirements.

Mr. Schlegel called for a vote on the motion to approve the Memorandum of Understanding with Pima County on the Sonoran Desert Conservation Plan. The motion passed unanimously.

E. Approval of New Joint Funding Agreement with United States Geological Survey and Update on the Lower Cañada Del Oro Basin Aquifer Storage Monitoring Project.

Don Pool, Project Manager with the United States Geological Survey (USGS), made a presentation to the Board detailing the background and progress of this survey. He stated that this project is a joint undertaking between the District, Oro Valley and the USGS to monitor aquifer storage in the Lower Cañada Del Oro Basin. He stated that this service area includes 60 stations that are monitored, some regional stations are monitored twice a year and others are monitored on a quarterly basis. He indicated the most water level pattern changes had occurred along the CDO and near the mountain areas.

Mr. Schlegel questioned about a similar study being done regarding the Rillito River. Mr. Pool replied that detailed surveys were being conducted between Swan Road and Craycroft Road with findings similar to those of the CDO.

Mr. Pool continued discussing gravity flows and big flow events that affected this survey. He indicated that the rate of storage change from 1996 to 1998 was approximately 12,500 acre-foot

per year and this was due to a big flow event. He reported that the USGS was working on the last quarterly and they were behind due to October being a wet month.

Mr. Schlegel asked if the District had performed any modeling. Mike Block, District Hydrologist, replied that the District had contracted some modeling work with consultant Errol Montgomery through a grant from ADWR. It did model the recharge that was expected to occur and found substantial elevation in the water level.

Mr. Doyle made a motion to approve the new joint funding agreement between the United States Geological Survey and the Metropolitan Domestic Water Improvement District. The contract will expire on December 31, 2001. The District's contribution will not exceed \$15,000 and be contingent upon \$30,000 in matching funds from the USGS and the Town of Oro Valley. Ms. Wright seconded the motion and it passed unanimously.

F. Approval of Amendment No. 1 to Contract with Hargis + Associates, Inc., for Metro-Hub Water Hydrology Study.

Mr. Block explained that the amendment to the contract with Hargis + Associates was only to extend the contract termination date and was not a cost item. Mr. Ray asked why the contract needed to be extended. Mr. Block replied that the aquifer test could not be completed in the summer months because of system limitations; therefore, it will be scheduled for winter months when the wells could be run 48 hours on and 48 hours off. Mr. Ray asked if new information has been gained from the contract. Mr. Block affirmed that this information was not known when the contract began and the information would be invaluable to the District.

Mr. Polley made a motion to approve Amendment No. 1, which provides a contract extension from December 31, 2000 to March 31, 2001 with Hargis + Associates, Inc., for the Metro-Hub Water Hydrology Study and Mr. Ray seconded the motion. The motion passed unanimously.

G. Award of the Professional Services Agreement for Oracle Road Corridor Mainline Replacement Design.

Mr. Ray made a motion to award the Professional Services Agreement for the Oracle Road Corridor Mainline Replacement design to DJA Engineering for the amount not to exceed \$80,500. Ms. Wright seconded the motion and it passed unanimously.

H. Award of the Construction Contract for the Thornydale Transmission Main.

Ms. Wright made a motion to award the construction contract for Thornydale Transmission Main – (M-96-11) to Miura Contracting, Inc., in the amount of \$1,687,890 (Alternate A) and to authorize the General Manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not-to-exceed \$50,000 and 2) increase the original construction contract term a cumulative amount not-to-exceed sixty (60) calendar days. Any changes in excess of the above limits will be submitted to the Board of Directors for approval. Mr. Polley seconded the motion.

Mr. Ray asked about the diameter of the pipeline to be used. Mr. Maish replied that the size of pipeline varied from 24-inch to 6-inch. He added that PVC pipe would only be used for the 6-inch pipeline located on private property in Gold Canyon Plaza and not in the roadway.

Ms. Wright requested that more information be provided to the Board members, including copies of the bids that went out with the contract proposal. Mr. Maish replied that a copy of the entire bid package was placed in the Board Office as previously directed. Mr. Schlegel asked if the Board members could be formally notified when the bid packages were placed in the Board Office for review.

Mr. Schlegel called for a vote on the motion to award the construction contract for the Thornydale Transmission Main to Miura Contracting, Inc. The motion passed unanimously.

I. Approval of Temporary Access Agreement between the Arizona Department of Environmental Quality and District for Remedial Investigation Work at South Shannon Well.

Mr. Hill stated this access agreement will allow ADEQ to be able to use the South Shannon well site, which is within the superfund site, to gain needed data for ADEQ, since ADEQ will be the entity responsible for cleaning up the site.

Mr. Polley made a motion to approve the Access Agreement at the South Shannon Well between the Arizona Department of Environmental Quality and the District with an expiration date of April 1, 2001. Ms. Wright seconded the motion and it passed unanimously.

J. Approval of Analysis and Recommendations for Compensation of District Staff.

Ms. Wright made a motion to approve that the salary ranges for the District's positions be established as presented in the December 11, 2000 report and that the individuals in the positions being changed have their individual salaries adjusted accordingly as presented in this report. These changes are to become effective January 1, 2001 and the operating budget or contingency fund is to be used to pay for any increase to the budget. In addition, those individuals receiving a salary adjustment will not receive any approved cost of living adjustment. Mr. Polley seconded the motion and it passed unanimously.

K. Consideration of Cost of Living Adjustment for District Staff.

Ms. Wright made a motion to approve a cost of living adjustment of 3% but not less than \$1,031 effective for District employees the first payroll in January 2001. Mr. Polley seconded the motion.

Mr. Schlegel expressed his concerns about awarding a percentage based cost of living adjustment and not a flat-fee award. He felt that a flat fee based on the median salary being adjusted by the

Consumer Price Index was fairer and did not further inflate high-end salaries. Mr. Polley stated that over time, a compression factor could take place, reducing the amount of compensation between managers and other employees who are not at the same level of risk and responsibility and cautioned the other members about setting a precedence. Mr. Schlegel and Mr. Ray said they felt this was not necessarily setting a precedence to be repeated in future years.

Mr. Ray stated that COLA's were not awarded by many entities and that the District was one of the few remaining entities to award COLA's and the Board should consider eliminating them. Mr. Doyle noted that Pima County does give a COLA. Warren Tenney, Assistant to the General Manager, explained that other entities still award cost of living adjustments, they were referred to by other names.

Mr. Schlegel called for a vote on the Motion to award a COLA of 3% but not less than \$1,031. The motion failed 2-3, with Mr. Doyle and Mr. Polley in favor, and Ms. Wright, Mr. Ray, and Mr. Schlegel opposed.

Mr. Ray made a motion to approve a cost of living adjustment of 2.5% but not less than \$859 effective for District employees the first payroll in January 2001. Ms. Wright seconded the motion.

Mr. Doyle said that would not accomplish what Mr. Schlegel had proposed. Mr. Schlegel stated he was not comfortable supporting this motion because he still preferred scenario a flat rate COLA be implemented.

Mr. Schlegel called for a vote on the motion to award a COLA of 2.5% but not less than \$859. The motion failed 2-3, with Mr. Ray and Mr. Polley in favor; and Mr. Doyle, Ms. Wright, and Mr. Schlegel opposed.

Ms. Wright made a motion to approve a \$1,200 cost of living adjustment per employee effective the first payroll in January 2001. Mr. Ray seconded the motion and it passed unanimously.

L. Status of the Meter Replacement Program.

Mr. Hill reported that the meter replacement program appears to be a worthwhile project. He stated that based on the numbers that have been provided, the meters that have been replaced test significantly above AWWA standards and also reduce the District's water losses per year. He said that as more meters are tested, a larger data base will be created thereby giving the District more valid information regarding those water losses.

Mr. Schlegel asked if replacing the meters would bring the District into compliance with ADWR for water losses. Mr. Hill clarified that the meter replacement program is an important component to help the District with compliance.

Mr. Ray asked for information on the revenues gained from increased efficiency in metering of water. Mr. Hill replied that that information is still being tabulated for Metro-Main, but that

Metro-Hub gains are at 11% in consumption. Mr. Ray commented that was a substantial gain and that the program would almost pay for itself.

VI General Manager's Report

Mr. Hill stated that the annual District Christmas luncheon was set for December 21, 2000 from 12:00 noon to 1:30 p.m. and all Board Members and their guests were invited.

Mr. Hill thanked Mr. Ray for his participation on the Board of Directors for the last four years and that staff appreciated working with him and presented him with a gift certificate.

VII. Legal Counsel's Report

Lisa Chase, Legal Counsel, stated that Phil Higdon is still negotiating the terms of arbitration with NAC. He has received no response from NAC. She said that Mr. Higdon has obtained affidavits from three companies who bid unsuccessful with the District for the same project and they support the District's position.

VIII. Future Meeting Dates; Future Agenda Items


The next regular scheduled Board Meeting will be held Monday, January 8, 2001 at 6:00 p.m. There will be a Board Study Session on Monday, January 8, 2001 at 5:00 p.m. to discuss the rate hearing.

IX. Adjournment

Mr. Ray made a motion to adjourn. Mr. Doyle seconded the motion and it passed unanimously.

The meeting adjourned at 7:30 p.m.


Chair of the Board


Clerk of the Board