

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

April 10, 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: Mark R. Stratton, General Manager
 Lisa Chase, Legal Counsel
 Warren J. Tenney, Clerk of the Board

I. Call to Order and Roll Call

Pete Schlegel, Chair of the Board of the Metropolitan Domestic Water Improvement District (District), called the Board meeting to order at 5:01 p.m. Dennis Polley, Marlene Wright and Pete Schlegel were present. Jim Doyle and Sam Ray were not present.

Executive Session

Dennis Polley made a motion for the Board of Directors to move to Executive Session. Ms. Wright seconded the motion and it passed unanimously. The Board went into Executive Session at 5:02 p.m.

Mr. Ray joined the meeting at 5:08 p.m. Mr. Doyle joined the meeting at 5:28 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 pursuant to A.R.S. §431-03(A)(4) regarding the following:

- A. General Manager's Evaluation and Employment Agreement.

Regular Session

Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board meeting to order at 6:17 p.m. Jim Doyle, Dennis Polley, Sam Ray, Marlene Wright and Pete Schlegel were present.

II. General Comments From the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – March 13, 2000 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Bad Debt Write-Offs.**
- D. Ratification of Bill of Sale for Riverside Crossing, Lots 1-133.**

Mr. Schlegel suggested that the bad debt write-off reports be listed alphabetically instead of by account numbers.

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

IV. General Business – Items for Discussion and Possible Action

A. Financial Issues.

Mike Land, Chief Financial Officer, stated the financial report included a Capital Improvement Project update for monies spent from bond funds and an analysis of the use of the contingency fund. He said that meter installations were up significantly during the month of March.

Ms. Wright asked for information regarding Power Plan and Sidewinders. Mr. Land stated that Power Plan is the company used to repair the District's heavy equipment. Mr. Stratton responded that the transaction for the Sidewinders was the purchase of tickets for use by District staff.

Mr. Schlegel questioned the bond adjustment to the daily deposit report. Mr. Land replied this adjustment was short term, through the end of June, for the purpose of providing adequate funding due to a miscalculation on the bank's part.

B. Reissued Financial Statements for Fiscal Year 1998-1999.

Mr. Schlegel asked if the Board needed clarification on this matter. No clarification or action was taken.

C. Approval for Release of the W. M. Grace Development Company from Article 8.2 of the Water Service Agreement for the Cortaro Farms Road/Thornsdale Road Commercial Center.

Ms. Wright made a motion to approve the release of the W. M. Grace Development Company from Article 8.2 of the Water Service Agreement for the Cortaro Farms Road/Thornsdale Road Commercial Center based upon legal counsel's recommendation that requirements had been met by W.M. Grace Development Company. Mr. Polley seconded the motion and it passed unanimously.

D. Recovery of Costs Incurred in Remediation of Water Quality Issues at South Shannon Well.

Mr. Ray made a motion to direct staff to contact the director of ADEQ to propose that the director provide reimbursement now from the discretionary fund for 50 percent of the remediation costs at the South Shannon well that was incurred by the District. Further, ADEQ should assure the District that it will preserve the District's right to recover the other 50 percent after ADEQ's investigation is completed when a determination is made as to whether responsible parties can be found and, if so, who they are. Mr. Polley seconded the motion.

Mr. Ray asked if this was to seek reimbursement for the purchase and maintenance of the air stripper. Mr. Stratton affirmed that it was for the purpose of reimbursement of capital costs. He added that staff had also sought and obtained a \$24,000 reimbursement for operation and maintenance costs.

Mr. Schlegel noted that the District only had until June to make the request to recover funds. Lisa Chase, Legal Counsel, explained that the statute of limitations directed that action be taken within three or six years, whichever was earlier. She stated that since the District was proactive in their actions, the three year requirement was applicable.

Mr. Schlegel called for a vote on the motion to direct staff to contact the director of ADEQ to propose that the director provide reimbursement from the discretionary fund for 50% of the remediation costs at the South Shannon well. The motion passed 4-0, with Mr. Polley not being present for the vote.

E. Status of Current and Near-Term Capital Improvement Projects.

Mr. Stratton stated that staff had made an updated report regarding the status of the capital improvement projects. He said staff would be glad to provide more information.

Mr. Ray asked about the status of the Camino del Fierro project and if NAC construction company had completed their contract requirements. Charlie Maish, District Engineer, stated that the pipeline was completed in November, but that there were minor contract obligations still remaining. He said that the developer of the Pulte Homes subdivision was obligated to construct and pave a road and many of the obligations would be taken care of in that phase and

construction started two weeks ago. He added that chip sealing the pavement had been delayed and would be completed now that warmer weather was here. Mr. Ray asked if we have provided NAC with a time schedule to complete their punch list. Mr. Maish stated that Mr. Stratton had directed him to contact NAC to pursue this.

Mr. Schlegel requested a flow chart to reflect if the Districts progress on each project. Mr. Maish indicated that the District was currently slightly behind schedule but expected to be back on schedule by the end of the year.

F. Legislative Issues.

There was no discussion on legislative issues.

G. Discussion of General Manager's Evaluation and Possible Approval of Employment Agreement for the General Manager.

Mr. Schlegel stated that the Board had spent considerable time in the Executive Session discussing the General Manager's performance.

Mr. Polley made a motion to approve the employment agreement for the General Manager as discussed in Executive Session. Mr. Ray seconded the motion and it passed unanimously.

V. General Manager's Report

Mr. Stratton stated that Board meetings in May and June would involve a number of annual contracts to be considered for renewal.

He indicated that the Board study session regarding the budgets for the Engineering and Utility Divisions was productive and was looking forward to scheduling another study session to discuss the Administration and General Manager Division budgets.

Mr. Stratton said that Warren Tenney, Val Little and Patsy Waterfall were planning the next landscape workshop for April 29, 2000 at 8:00 a.m. He stated that the Northwest Explorer was planning on printing an article about the workshop and photographing the activities during the workshop.

Mr. Stratton gave the Board an update of various committees that District staff was involved with. He said that there is a new advisory committee for ADWR called Multi-Active Management Area Technical Advisory Committee (MAMATAC). This is a statewide advisory committee and most of the membership is comprised of individuals who are involved with safe yield task forces. He is not a member of this committee, but will be involved in tracking its progress and providing input.

Mr. Stratton updated the Board members on his activities with the Southern Arizona Water Users Association (SAWUA) committee. He stated that position papers were submitted by WestCAS

regarding the pending radon and arsenic regulations and that a coalition of representatives went to Washington, D.C., to discuss these regulations.

Mr. Stratton related that there were a few incidents relating to the District's water system. He informed the Board that a contractor had opened a valve in the Fairfield La Cholla subdivision resulting in staff having to respond to flush the system and answering numerous customer service calls. Mr. Stratton said staff had calculated the cost of administrative and field personnel and gallonage of water flushed out of the system and will submit a bill to this contractor.

Mr. Stratton also advised the Board of the hydrant flushing performed by Northwest Fire District that resulted in a pressure reducing valve (prv) becoming stuck open causing high pressure to a number of residences and resulting in service line leaks and damage. He stated that since the damage was attributed to faulty equipment, the District will pay for repairs and will be reimbursed by insurance. He indicated that the customers were very supportive and understanding through this process, but that a number of plumber contractors were not. Mr. Stratton stated that discussions with staff suggested the possibility of having a plumber on contract with the District to perform repair works should events like this occur. He stated that staff would explore the possibility of a plumber contract.

Mr. Stratton stated that Tucson Electric Power (TEP) is not moving very quickly to negotiate for an interruptible rate; however, Touchstone Energy has provided some promising information. He stated that a written proposal from Touchstone would be forthcoming and staff would investigate this information.

Mr. Stratton said that there was a meeting scheduled with fire district representatives and staff on April 12, 2000 to discuss hydrant issues and possible solutions.

VI. Legal Counsel's Report

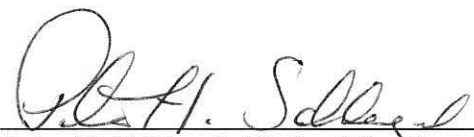
Ms. Chase stated she had nothing further to add.

VII. Future Meeting Dates; Future Agenda Items

The next Board Study Session will be held on Wednesday, April 26, 2000 at 5:30 p.m. The next regular Board meeting will be held on Monday, May 8, 2000 at 6:00 p.m.

VIII. Adjournment

The meeting adjourned at 6:55 p.m.


Clerk of the Board
Peter H. Schlegel, Chair of the Board