

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

January 12, 1998
Wilson Room
Tohono Chul Park
7366 North Paseo del Norte
Tucson, Arizona 85704

MINUTES

Board Members Present: Jim Doyle, Chair
 Jim Tripp, Vice-Chair
 Marty Cramer, Member
 Herb Johnson, Member
 Sam Ray, Member

District Staff: Mark R. Stratton, General Manager
 Warren Tenney, Clerk of the Board
 Michael McNulty, Legal Counsel

Regular Session

I. Call to Order and Roll Call

Ms. Cramer, Chair of the Board of Directors of Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 6:00 p.m. Mr. Jim Doyle, Mr. Herb Johnson, Mr. Sam Ray and Mr. Jim Tripp were present.

II. Presentation to Frank Fotta - Employee of the Year

Ms. Cramer presented Frank Fotta with the "Employee of the Year Award." He was recognized for doing whatever it takes to get the job done and for always working well with the public and staff. Mr. Fotta is the Distribution Customer Service Supervisor, who oversees the meter readers and is responsible for operating main line valves to ensure water can be turned on or off, when needed, along water lines. He also addresses customers' concerns and questions that occur out in the field meeting with hundreds of customers a year. The District will be honoring the Employee of the Year on an annual basis.

III. Comments From the Public

There were no comments from the public.

IV. Consent Agenda

- A. Approval of Minutes - December 4, 1997 Public Hearing**
- B. Approval of Minutes - December 8, 1997 Board Meeting**
- C. Approval of Minutes - December 15, 1997 Special Board Meeting**
- D. Ratification of Billing Adjustments**
- E. Approval of Water Service Agreement - Mona Lisa Village, Lots 1-100**
- F. Ratification of Change Order to Agreement with Southwest Gas for Southern Arizona Seniors Program.**
- F. Approval of Amendment No. 4 to the Professional Services Agreement with Camp Dresser & McKee, Inc. for the Thornydale Well Transmission Main (M-96-11) Design.**

Mr. Tripp made a motion to approve the Consent Agenda. Mr. Johnson seconded the motion and it passed unanimously.

IV. General Business - Items For Discussion and Possible Action

A. Election of Chair and Vice-Chair for the Board of Directors.

Mr. Tripp made the motion to nominate Mr. Jim Doyle as Chair of the District Board of Directors. Mr. Johnson seconded the motion and it passed unanimously.

Mr. Ray made the motion to nominate Mr. Tripp as Vice-Chair of the District Board of Directors. Ms. Cramer seconded the motion and it passed unanimously.

Ms. Cramer presented Mr. Doyle with the Chair's gavel and Mr. Doyle assumed being the Chair for the Board.

B. Financial Report.

Mr. Mike Land, Chief Financial Officer, said that the line of credit was approved and was being used for a payment to the Ashton Company regarding the New Linda Vista Reservoir.

C. Recommendation for District Lobbyist for 1998 Legislative Session.

Mr. Tripp made the motion to hire Gallagher & Kennedy as District lobbyist for 1998. Mr. Johnson seconded the motion and it passed unanimously.

D. Approval of Amendments to the Settlement Agreement with the City of Tucson.

Mr. Tripp made the motion to approve the Amendment to the Settlement Agreement with the City of Tucson. Mr. Ray seconded the motion.

Mr. McNulty, Legal Counsel, said that the City of Tucson and the Town of Oro Valley were anticipated to approve the settlement agreement the following week. The Pima County Board of Supervisors was scheduled to consider approval of the agreement January 27, 1998.

Mr. Doyle called for a vote for the motion regarding the approval of the Amendment to the Settlement Agreement. The motion passed unanimously.

E. Consideration of Proposal by Lucent Technology to Upgrade Telephone System.

Mr. Tripp made the motion to approve the telephone upgrade from Lucent Technologies for an amount not to exceed \$16,655 and further to direct staff to negotiate a lease arrangement with AT&T for a monthly lease of \$514.95 and request that the Municipal Property Corporation pay for the balance and buy out the equipment when the move has been made to the new office building. Ms. Cramer seconded the motion.

Mr. Ray asked if the District solicited responses from other telephone companies. Mr. Stratton explained that the District had not because Lucent is the company that handles the software for the current telephone system. If the District was to use another company, a new telephone system would need to be purchased, which would be at least \$50,000. Mr. Land noted that the consultant looked at the telephone system and stated that it is sufficient to support the upgrades that Lucent Technologies proposes.

Ms. Cramer asked if the telephone system was totally transferable to the new office building and if everyone would have voice mail capability. Mr. Stratton explained that the system was totally transferable and the only change will be an incoming line. Every extension will have voice mail capability.

Mr. Doyle called for a vote for the motion to approve the upgrade to the telephone system. The motion passed unanimously.

F. Resolution 1998-1 - Authorizing Participation in a Pima County Auction for the Purpose of Purchasing Land for a Well Site.

Mr. Tripp made the motion to approve Resolution 1998-1 to authorize the District's participation in the January 13, 1998 Pima County public auction for the purpose of purchasing vacant land for a well site. Mr. Johnson seconded the motion and it passed unanimously.

G. Consideration of a Utility Maintenance Worker II for Distribution Maintenance Crew.

Mr. Tripp made the motion to approve the upgrade of one Utility Maintenance Worker I position to Utility Maintenance Worker II position for the Distribution Maintenance Crew. Ms. Cramer seconded the motion.

Mr. Tripp asked if the present three person crew will remain that size. Mr. Chris Hill, Utility Superintendent, said that the crew would remain three persons.

Mr. Doyle called for a vote for the motion to approve the upgrade to a Utility Maintenance Worker II position. The motion passed unanimously.

H. Award and Approval of Contract for Painting of Storage Facilities.

Mr. Tripp made the motion to award and approve the contract with Rash Tank Painting for storage tank maintenance and painting for fiscal year 1997-1998 in an amount not to exceed \$39,577.60 subject to approval of legal counsel. Mr. Johnson seconded the motion.

Mr. Ray asked if funds were in the District budget for storage tank maintenance and painting. Mr. Stratton said yes.

Mr. Doyle called for a vote for the motion to award and approve the contract with Rash Tank Painting. The motion passed unanimously.

I. Approval of Contract Amendment with Arizona Department of Water Resources on Lower Cañada del Oro Basin Monitoring Project.

Mr. Tripp made the motion to approve the Contract Amendment NO. AUGTU95-3-04 with the Arizona Department of Water Resources. Ms. Cramer seconded the motion and it passed unanimously.

J. Approval to Purchase Materials for Completion of Riverside Terrace Main Line Replacement Project.

Mr. Tripp made the motion to approve the purchase of material from Hajoca for an amount not to exceed \$149,172.53 to complete the main line replacement of Riverside Terrace Project. Mr. Johnson seconded the motion and it passed unanimously.

K. Award of Laboratory Services for Coliform Analysis.

Mr. Tripp made a motion to approve the laboratory services agreement with Aqualab, Inc. for Coliform samples at \$8.00 per sample for a period beginning March 1, 1998 through June 30, 2000. Ms. Cramer seconded the motion.

Ms. Cramer noted that it may be wise to amend the motion that the approval was subject to adequate insurance coverage by Aqualab, Inc.

Mr. Tripp made the amendment to the motion that the approval of the laboratory service agreement with Aqualab, Inc. was subject to adequate insurance coverage by Aqualab, Inc. Ms. Cramer seconded the amendment and it passed unanimously.

Mr. Doyle called for a vote for the motion to approve the laboratory services with Aqualab, Inc for Coliform samples at \$8.00 per sample for a period beginning March 1, 1998 through June 30, 2000 subject to adequate insurance coverage by Aqualab, Inc. The motion passed unanimously.

L. Discussion of Oro Valley Water Improvement District #1 Rate Increase.

Mr. Tripp made the motion to place revenue generated from the rate increase for Oro Valley Water Improvement District #1 (OV#1) into an escrow account and appoint a task force consisting of Board Member Herb Johnson, residents Dan Offret and Joe Murray plus the General Manager and District Engineer to examine the aspects of separating the District from OV#1. Mr. Ray seconded the motion.

Mr. Stratton explained that he had spoken with Mr. Offret, who was willing to serve on the committee. He had not been able to reach Mr. Murray, but requested that if Mr. Murray was unable to serve, that Mr. Johnson then select another citizen.

Ms. Cramer asked if the monies placed in the escrow account would be needed for any immediate projects planned by the District for OV#1 with them. Mr. Stratton explained that other than regular maintenance, no capital improvements are planned until the issue of the management of the service area is resolved. Mr. Michael McNulty of Brown & Bain said the intergovernmental agreement with the Town of Oro Valley allows the Town to refuse a rate increase. Oro Valley appears to want a rate increase but does not want the money spent. Mr. McNulty does not see a problem with the money being saved for a reconciliation further on down the road.

Mr. Johnson wanted to know if there was a time limit on the escrow account. Mr. McNulty said that is left to the District's discretion. Mr. Stratton said that the Town wants their task force to submit its findings by June 1, 1998 with the anticipation that Mayor and Council would make a decision before January 1999. Mr. Johnson said he did not want the escrow account to create a long-term bookkeeping problem for the District.

Ms. Cramer said she would like the issue resolved as soon as possible. Mr. Stratton explained that if and when the separation does occur, there may need to be some infrastructure improvements made in dissecting certain service areas. These funds could be used for those improvements. The task force should be busy resolving this issue the next six months.

Mr. Land stated that the four percent rate increase for OV#1 equated to approximately \$15,000 to \$20,000 per year.

Mr. Doyle called for a vote for the motion regarding establishment of an escrow account as well as a task force for OV#1. The motion passed unanimously.

VI. General Manager's Report

Mr. Stratton said he had talked with Mr. Sweet, General Manager for the Town of Oro Valley, about

bringing before the Board a community art project to use the District's storage tank within Oro Valley's town limits as a possible canvas for a mural to be painted by students, artists or community activists in the area. No specifics were available but Mr. Sweet wanted Mr. Stratton to approach the Board about the possibilities. Mr. Ray suggested that a grant could be obtained from the Arts Foundation. Ms. Cramer noted that the Board could be involved with selecting a winner. She noted that she had seen murals on storage tanks in New Mexico, which were quite attractive. Mr. Stratton said that he would discuss the issue further with Mr. Sweet and bring a recommendation to the Board.

Mr. Tripp asked about the pygmy owl and the District's new office site. Mr. Stratton explained that the office site did not resemble the typical habitat of the pygmy owl; however, the District will perform a habitat survey.

Mr. Ray asked about the status of the zoning for the new property. Mr. Stratton said that a meeting was set for January 14, 1998 with a Pima County attorney that oversees zoning. Based on the correspondence with Brown & Bain and conversations with Chuck Huckleberry, the zoning issue should be resolved in the District's favor.

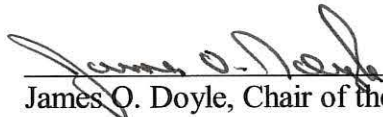
Mr. Ray asked about the status of financing the office site through the Municipal Property Corporation (MPC). Mr. Land said that Steve Teiper submitted documents to Roy Kyl of Brown & Bain. Mr. Teiper is hopeful that the original buyers are still interested but is submitting the information to a number of other possible sources. Mr. Land is optimistic that we will have financing by the end of January.

VII. Legal Counsel's Report


Mr. McNulty said working with the MPC financing and the settlement agreement has indicated that it may be wise to pursue a legislative change to the statutes that currently gives the Board of Supervisors veto authority over the District's finances. Mr. McNulty said this may be worth pursuing with the District's new lobbyist.

IX. Adjournment

The meeting was adjourned at 6:45 p.m.


James O. Doyle, Chair of the Board

ATTEST:


Clerk of the Board