

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

June 9, 1997
Wilson Room
Tohono Chul Park
7366 North Paseo del Norte
Tucson, Arizona 85704

MINUTES

Board Members Present:	Marty Cramer, Chair Jim Doyle, Vice-Chair Sam Ray, Member Jim Tripp, Member
District Staff:	Mark Stratton, General Manager Phil Higdon, Legal Counsel Michael McNulty, Legal Counsel Warren Tenney, Clerk of the Board

Call To Order and Roll Call

Ms. Marty Cramer, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 5:12 p.m. Mr. Jim Doyle, Mr. Sam Ray and Mr. Jim Tripp were present. Ms. Letha Gardner resigned from the Board effective May 31, 1997.

Executive Session

Mr. Tripp made the motion for the Board of Directors to go into Executive Session. Mr. Doyle seconded the motion and it passed unanimously. The Board went into Executive Session at 5:13 p.m.

Executive Session pursuant 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) regarding the following:

- A. Litigation with the City of Tucson.

The Board returned from Executive Session at 5:44 p.m.

Regular Session

I. Call To Order and Roll Call

Ms. Marty Cramer, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 6:00 p.m. Mr. Jim Doyle, Mr. Sam Ray and Mr. Jim Tripp were present. As noted above, Ms. Letha Gardner had resigned as a member of the Board of Directors.

II. Comments From The Public

There was no comment from the audience.

III. Consent Agenda

- A. Approval of Minutes -- May 12, 1997 Board Meeting.**
- B. Approval of Minutes -- May 16, 1997 Special Board Meeting.**
- C. Ratification of Billing Adjustments.**
- D. Ratification of Bill of Sale -- Ironwood Meadows, Phase II, Lots 1-45 & 96-103.**
- E. Approval of Bad Debt Write-offs.**

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

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

- A. Litigation with the City of Tucson.**

There was no discussion or action taken regarding this agenda item.

- B. Financial Report.**

Mr. Mike Land, Chief Financial Officer, noted that the District was exploring a line of credit with Arizona Bank for completing the construction of the Linda Vista Reservoir. This would be done as a reserve to the District's cash reserve, which has been lowering quicker than anticipated. Ms. Cramer asked how the line of credit would be established. Mr. Land said that the bank would charge a fee to establish the line of credit. The issue is being researched and would be brought before the Board at the July 14, 1997 meeting.

C. Director Vacancy.

Ms. Cramer reported that Ms. Gardner had resigned from the Board of Directors due to personal reasons that required her to move outside the District. Therefore, a vacancy exists on the Board that needs to be filled.

Mr. Mark Stratton, General Manager, reported that legislation was passed that clarified that the remaining Board members of a county water improvement district are to choose a replacement to fulfill the term of the Board member who resigned.

Ms. Cramer noted that the litigation between the District and the City is very complex and it has taken Board members a long time to deal with it. It may be difficult to find someone through advertising about the vacancy who will know much about the lawsuit. It may be better to consider former directors.

Mr. Tripp made the motion to appoint Mr. Herb Johnson to fill the vacancy on the Board created by Ms. Gardner's resignation. Mr. Tripp noted that Mr. Johnson has remained involved with the District as well as the existing Board members know him.

Mr. Ray asked if this issue had been discussed with Mr. Johnson, especially since he seem tired of serving on the Board. Mr. Tripp said that Mr. Johnson indicated that he would participate if the Board asked him. He was ready to be active again with the District.

Mr. Ray asked who were the former Board members. Ms. Cramer said that former Board members included Mr. Johnson, Mr. Pete Schlegel, Ms. Kate O'Rielly, and Ms. Barbara Johnson as well as Alex Jácome, who no longer lives in the District.

Ms. Cramer noted that Mr. Tripp had made a motion to appoint Mr. Herb Johnson to fill the vacancy on the Board, but it had not yet been seconded. Mr. Doyle seconded the motion. The motion passed unanimously.

D. Approval of Budget Funds for Meritorious Awards for Staff.

Mr. Tripp made the motion to approve the use of up to \$38,900 for staff merit awards at the discretion of the General Manager. Mr. Doyle seconded the motion.

Mr. Stratton noted that with merit increases and cost of living adjustments, some staff may experience approximately an eight percent increase in their annual salary. Such increases have been generous. Mr. Stratton said that he has thought of making the merit increase process more selective according to accomplishing substantially more than required by their job duties so that merit increases are not just an expectation. Mr. Tripp noted that the motion stated that the merit awards are to be decided according to the discretion of the General Manager.

Mr. Ray asked what criteria are used. Mr. Stratton said that annual performance appraisals are used plus circumstances that may have arisen since the appraisal. Mr. Ray asked if the annual evaluations have some criteria of what is expected and that staff is measured accordingly. Mr. Stratton said goals have been set for the divisions. Mr. Ray asked if division managers evaluate their own staff. Mr. Stratton said yes.

Ms. Cramer asked if the full amount budgeted for merit increases was used last year. Mr. Stratton said almost. Ms. Cramer asked if some staff receive less than the five percent merit increase. Mr. Stratton said that most of employees receiving merit increases received between the range of two to four percent. Ms. Cramer noted that the \$38,900 was the amount budgeted, but not necessarily what will be spent. Mr. Stratton said that was correct.

Ms. Cramer called for a vote for the motion to approve funds for merit increases. The motion passed unanimously.

E. Approval of 1997-1998 Well Maintenance Contract.

Mr. Tripp made the motion to award the well maintenance contract for Fiscal Year 1997-1998 to Farwest for an amount not to exceed \$75,000 and the Chair of the Board be authorized to sign the contract following Legal Counsel's approval. Mr. Ray seconded the motion.

Ms. Cramer asked if the District foresees doing its own well maintenance. Mr. Stratton said staff has been hesitant to have that added responsibility. With 38 wells, the District routinely maintains five to six wells a year through the well maintenance contract. If the District was to do the maintenance on its own, it would need to purchase equipment as well as staff to pull out the pump assembly. The District would incur a greater liability of having its crews do the maintenance in comparison with contracting with a company, which does that work all the time. Mr. Ray agreed that the liability was the main reason for the District not to do well maintenance on its own at this time.

Ms. Cramer called for a vote for the motion to award the well maintenance contract. The motion passed unanimously.

F. Approval of Amendment to Architectural Services Agreement with Terry Armstrong, Architect, for District Office and Maintenance Buildings.

Mr. Tripp made the motion to approve Amendment No. 1 to the Architectural Service agreement with Terry L. Armstrong, Architect, for an amount not to exceed \$56,973 and establish a new completion date of September 18, 1998. Mr. Ray seconded the motion.

Mr. Ray asked the status of the property the District is trying to purchase. He did not want Mr. Armstrong delayed anymore. Mr. Stratton said that per the Board's direction at the May 16,

1997 special Board meeting, staff and the District's real estate agent have moved to obtain property on La Cañada Drive, south of Orange Grove Road. The environmental phase I study has been done and no problems were found. The title report is being conducted. The owner has 14 days to complete the legal survey. June 20, 1997 is targeted as the closing date.

Ms. Cramer noted that the District hired Mr. Armstrong to design the building, which included to determine how big the building should be. A larger building is being recommended, which means the architect will receive more money for designing a larger building. She requested more clarification as to that determination. Mr. Charlie Maish, District Engineer, said that the request for proposal issued by the District to select an architect estimated the size for the proposed office building to be about 10,000 square feet. Mr. Armstrong received input from staff and Board members to determine how much space needs to be allocated for the new building. Based on that analysis of space requirements, the building size was increased.

Ms. Cramer said she understood the reason for many expenses incurred since the beginning of the project that was not included in the original contract; however, she wanted clarification for the amount requested specifically due to the project being delayed. Mr. Ray said the \$2,400 for the delay is the overhead cost for being in business. Ms. Cramer said it seemed that the architect could have been working on other projects during the delay. Mr. Maish said the architect had planned to be working on the District's project during a specific period. When the District delayed the project for that time period while the site was being determined, the architect did not have other work scheduled because he had planned a specific time to work for the District.

Ms. Cramer asked when the office building is now proposed to be completed. Mr. Stratton said that under the amendment, September 18, 1998 is the completion date of the building.

Ms. Cramer called for a vote for the motion to approve Amendment #1 to the existing Architectural Services Agreement. The motion passed unanimously.

G. Award of Contract for Construction of the Cortaro Farms Road 12-Inch Water Main from the Jensen Well to Thornydale Road.

Mr. Tripp made the motion to award the contract to construct the 12-inch water main on Cortaro Farms Road right-of-way to Dar-Hil Corporation not to exceed \$203,042 and authorize the General Manager to approve additional funds up to \$25,000 and increase contract terms not to exceed 60 days. Mr. Ray seconded the motion.

Mr. Ray asked why the approval for additional funds is for \$25,000 in total and not for each incident. Mr. Maish said that it was based on a percentage of the overall project. Mr. Stratton said that \$25,000 was calculated as a good threshold before needing to bring the matter before the full Board. Also, the General Manager is to receive input from the appropriate Board Member Committee when considering the use of additional funds up to \$25,000.

Ms. Cramer called for a vote for the motion regarding award of contract to construct the Cortaro Farms Road 12-Inch water main. The motion passed unanimously.

H. Approval of Agreement with Water Resources Research Center to Establish Membership in the Water Conservation Alliance of Southern Arizona.

Mr. Tripp made the motion to approve the agreement with the Water Resources Research Center and contribute \$19,966.76 to establish membership in the Water Conservation Alliance of Southern Arizona for one year to be reviewed by the Board prior to renewal. Mr. Ray seconded the motion.

Mr. Ray noted that the motion states it is for one year, but the contract notes that it is in effect for three years. Mr. Michael McNulty of Brown & Bain said the District would be paying for the first year on a three-year contract, but either party can terminate if given a 60-day notice.

Mr. Stratton said that it was unclear what the following years' contributions would be based on the membership increasing or decreasing. Mr. Ray asked if any other entities had joined the organization.

Mr. Tripp left the meeting at 6:25 p.m.

Mr. Gary Woodard of the Water Resources Research Center said that Community Water Company of Green Valley and Flowing Wells Irrigation District have signed contracts. Pima County has written a letter of intent to join. Avra Water Coop's Board is considering joining later this week. The Town of Marana and Hub Water Company has expressed interest. The U.S. Bureau of Reclamation has expressed interest in joining as a nonmember who would still contribute funds.

Ms. Cramer asked if the District's contribution amount will change if only four members join. Mr. Woodard said that the first year contributions are not expected to change. If only four entities joined in the first year, the budget would be adjusted accordingly and the full-time specialist would probably not be hired immediately. The members of the Water Conservation Alliance would make such decisions.

Ms. Cramer noted that the District needs to recognize that it should provide a two-year commitment to allow the Water Conservation Alliance to prove itself. Mr. Woodard said that an intention to remain a member for at least two years would be beneficial, but it is recognized that one board cannot bind a future board.

Ms. Cramer asked if the Water Conservation Alliance was seeking other funds. Mr. Woodard said that two proposals for Arizona Department of Water Resources (ADWR) water conservation assistance grants were submitted. One is for \$10,000 to examine the three ADWR conservation

requirement programs to determine the pros and cons to the members. The other proposal is for \$13,500 to look at outdoor conservation measures to determine which ones are best suited for the region and that the members of the Water Conservation Alliance could accomplish through an economy of scale.

Mr. Ray asked if project updates would be provided. Mr. Woodard said they would be. Mr. Ray said that the contract does not provide anything for the Water Conservation Alliance to be measured against. Mr. Woodard said that the members recognize that their overall accomplishments will determine if the Water Conservation Alliance has succeeded.

Ms. Cramer called for a vote for the motion to approve the agreement with the Water Resources Research Center. The motion passed unanimously with the members present.

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

Mr. Ray made the motion to approve the contract amendment for a time extension until May 31, 1998 for 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 at no additional cost. Mr. Doyle seconded the motion.

Mr. Ray asked if any cost was incurred because of the delay. Mr. Michael Block, District Hydrologist, said that there had been a cost share to the budget. The whole project will cost probably between \$10,000 and \$14,000, with the District paying approximately \$6,000.

Ms. Cramer called for a vote for the motion to approve the contract amendment with Pima County Real Property. The motion passed unanimously with the members present.

J. Approval of Amendment No. 1 to the Miscellaneous Water Distribution Design Services II Contract.

Mr. Ray made the motion to approve the contract amendment for the Miscellaneous Water Distribution Design Services II contract with Cella Barr Associates to extend the completion until June 30, 1998 or until depletion of funds. Mr. Doyle seconded the motion and it passed unanimously with the members present.

K. Award of Miscellaneous Survey Services II Contract.

Mr. Ray made the motion to award the Miscellaneous Survey Services II contract to both Alpha Engineering and DJA Engineering Corporation and direct staff to secure contracts with consultant

in an amount not to exceed \$25,000 combined. Mr. Doyle seconded the motion and it passed unanimously with the members present.

L. Award of Miscellaneous Hydrogeological Services Contract with Groundwater Resources Consultants, Inc.

Mr. Ray made the motion to award the Miscellaneous Hydrogeological Services Contract to Groundwater Resources Consultants, Inc. in an amount not to exceed \$25,000. Mr. Doyle seconded the motion.

Mr. Ray asked what criteria were used in evaluating the consultants. Mr. Block said that the consultants are evaluated according to how the consultants approach the types of project that may be needed, general information about the consultant, qualifications of the individuals involved, experience with similar projects, availability of staff, response time, ability to meet needs of project, and labor cost.

Mr. Ray asked if the District checks to see if the people the consultant claims will work on the project actually do. Mr. Block said that he was familiar with most of the local consultants to know who would be involved with a project.

Ms. Cramer called for a vote for the motion regarding the award of the Miscellaneous Hydrogeological Service contract. The motion passed unanimously.

M. Status of the Northwest Replenishment Program.

Mr. Mark Myers, Consultant, explained that the Northwest Replenishment Program (NRP) started in 1993 when the District recognized the need to have options for utilizing renewable supplies. At the time, the only available option was to purchase treated CAP water from the City of Tucson; however, quality, quantity and reliability were issues. Since a large regional effort, the Santa Cruz Valley Water District, to manage water resources was in the process of being vetoed by Tucson, the District began to examine a small regional effort to recharge CAP water in the Northwest. The NRP provided participants with options for renewable supplies and a way to accomplish projects those individual participants could not do on their own. The NRP consists of three projects. The Avra Valley Recharge Project recharged 4,200 acre feet last year and more is anticipated to be recharged this year, with an option of additional capacity in the future. The Avra Valley Recharge Project is owned and operated by the Central Arizona Water Conservation District (CAWCD) and the District recharges water at that site through a lease agreement. The Lower Santa Cruz Recharge Project is expected to be in operation by early 1998 and is sponsored by CAWCD, Pima County and the Town of Marana. The project is designed to incorporate multiple use benefits, including providing fill material needed for flood control purposes, environmental enhancement and recreational benefits. The Cañada del Oro (CDO) Recharge & Recovery Project is designed to meet the District's long range needs including replenishment,

which would provide low cost for the long-term. The District, Town of Marana, and Town of Oro Valley are partners and Pima County owns the wash channel. The Bureau of Reclamation will complete the feasibility study in September 1997. The project is a multiple purpose with recreational and environmental benefits and does not deter flood control.

Mr. Block used a display that showed the sub-surface borings taken along the CDO near the Oasis recharge site. The borings indicated that only three feet of medium fine grain material would need to be removed at the Oasis site to construct recharge basins. Approximately eight feet of water per day could be recharged, which is four times better than the Avra Valley Recharge Project's recharge capability. The next test is to determine how water will recharge at the recent alluvium level that is just above the groundwater table. It could slow the recharge rate or change the direction of where the water flows and how it finally reaches the groundwater table.

Mr. Block showed a figure depicting the analysis of how the water table would respond to CAP water being recharged. At the Oasis recharge site, the recharging of 28,000 acre feet annually for ten years will cause a rise in the water table. While the analysis did not take into account future increases in pumpage, the early indication is that projected recharge of CAP water will increase the water table.

Mr. Block noted that water quality is being studied due to concern about the mineral content of CAP water. The TDS level of CAP water is much higher than in the groundwater from along the CDO. A flow model showed how the TDS would spread out and rise in the well field along the CDO, which supplies about half the District's water. With the depth of the wells not very deep, a change in quality will occur sooner than if the well depth was deeper.

Mr. Block said the Pima County owns the Oasis recharge site, which is about 30 acres. He noted a computer rendered figure that shows how the CDO would appear if CAP water was being recharged. Water would flow from the Big Wash recharge site into the CDO. Rather than construct basins in the CDO, small berms would be constructed in the channel, which would provide environmental enhancement opportunities. The Big Wash and the Oasis recharge sites are rated as potential riparian habitat.

Mr. Block said that the pipe alignment is still a major decision to be made. Different alignments are being assessed according to if the partnership among the District, Marana and Oro Valley exists or if an entity individually pursues the project. The joint project is estimated to cost \$30 million. Funding will be sought from the State for that portion of the pipeline that is viewed as having a regional benefit. The last item to be completed will be a facility's plan that will pull together all the information. Oro Valley and Pima County are working on a site specific recreational plan for the Oasis and Big Wash sites. A preliminary archeological study needs to also be done.

Mr. Ray asked about the status of a University of Arizona study the District approved. Mr. Block said that the study involved giving the University of Arizona approval to sample District wells to trace isotopes, but requires no District funds to be expended. Another study deals with the impact of stormwater recharge to monitor how water recharges and what happens at contact with the alluvium. This study will avoid the need to construct a recharge basin to recharge groundwater.

Ms. Cramer thanked Mr. Block and Mr. Myers for the status report of the NRP.

V. General Manager's Report

Mr. Stratton noted that Ms. Sheri Rameriz, the new Administrative Assistant for the Utility Division was in the audience. Ms. Pat Clarke, the new Executive Secretary, will start on June 12, 1997.

Mr. Ray noted that on the Administration Division's status list, asked about two projects that involved DataWest. Mr. Mike Land, Chief Financial Officer, said that one involved transferring from the old billing software the billing history so that the graphs can show the full 13 months of water usage. The other issue is exploring accounting software that DataWest endorsed.

VI. Legal Counsel's Report

Mr. McNulty noted a conversation with Mr. Roy Kyle of Brown & Bain, who indicated that if the District wants to have its Municipal Property Corporation to finance both the purchase of the property site and the construction of the new office building, then an appropriate resolution should be adopted prior to the closing of the purchase of the property. However, another option to holding a special meeting to adopt such a resolution is to review the minutes of the May 16, 1997 special Board meeting. Those minutes do denote the Board's intention to finance both the purchase of the property and the construction. The minutes of the meeting could be worded in such a way to satisfy bond and legal counsel.

Mr. Ray made the motion to reconsider the vote to approve Item III., the Consent Agenda. Mr. Doyle seconded the motion and it passed unanimously with the members present.

Mr. Ray made a motion to approve Items A, C, D, E, under Item III, the Consent Agenda. Mr. Doyle seconded the motion and it passed unanimously.

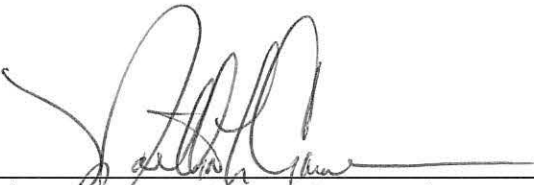
Ms. Cramer noted that Item III.B., the minutes for the May 16, 1997 special Board meeting was not approved and should be brought before the Board at its next meeting.

VII. Future Meeting Dates; Future Agenda Items

The next regular Board meeting is scheduled for July 14, 1997.

VIII. Adjournment

The Board adjourned the meeting at 7:08 p.m.



Martha L. Cramer, Chair of the Board

ATTEST:



Clerk of the Board