

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

March 11, 2002

**** Board Room ****

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

MINUTES

Board Members Present: Dennis Polley, Chair
Dan M. Offret, Vice-Chair
Jim Doyle, Member
Marlene Wright, Member
Pete Schlegel, Member

District Staff: Mark R. Stratton, General Manager
Phil Higdon, Legal Counsel
Warren Tenney, Clerk of the Board
Alice Stults, Recorder

I. Call to Order and Roll Call

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:00 p.m. Dennis Polley, Dan M. Offret, Jim Doyle, Marlene Wright and Pete Schlegel were present.

Mr. Schlegel made a motion for the Board to move into Executive Session. Mr. Offret seconded the motion. The Board went into Executive Session at 5:01 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 A.R.S. § 38-431.03 (A)(4) (consultation with legal counsel regarding contracts that are in pending or contemplated litigation or in settlement discussions conducted in order to avoid resolve litigation) regarding the following:

- A. Acquisition of Waterworks for the Delivery of Water for Domestic Purposes.**
- B. Well Modification Contract with Gilbert Pump for Tucson National Wells.**

II. Adjournment

The Board adjourned from Executive Session at 6:08 p.m.

Regular Session

I. Call to Order and Roll Call

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 6:10 p.m. Dennis Polley, Dan M. Offret, Jim Doyle, Marlene Wright and Pete Schlegel were present.

II. General Comments from the Public

Mr. John Kulakowski, Sabino Vista Homeowners Association, thanked the Board and staff for attending the February 13, 2002 meeting held by the Homeowners Association for the purpose of gathering signatures for the petition to annex Hub Service Area into Metro Main Service Area. He complimented staff on their knowledge and for an excellent job providing information to the Homeowners Association.

III. Consent Agenda

- A. Approval of Minutes – February 11, 2002 Board Meeting.**
- B. Approval of Minutes – February 25, 2002 Study Session.**
- C. Ratification of Billing Adjustments.**

Mr. Offret moved to approve the consent agenda. Mr. Schlegel seconded the motion and it passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mr. Stratton said the New Linda Vista storage reservoir, which has been placed on the maintenance schedule, had a large number of leaks detected. He explained that the tank was drained and repaired, sand was removed, and bacterial tests are currently being done on the tank prior to it being put back into service. Barring any unforeseen issues, the New Linda Vista well and storage system will be back in service by the end of the week. The metal components of the tank were substantially deteriorated which required a considerable amount of welding. All the maintenance and work completed on the tank was done by District staff. Mr. Stratton commended staff for the many hours and effort put into repairing the tank.

B. Financial Report.

Mr. Land briefly explained the financial reports provided to the Board. Mr. Offret asked which account contained the bond issuance costs. Mr. Land said the monies were deposited into the General Fund and the expenses were paid out of the General Fund. Mr. Offret also noted that on

the monthly financial report there was an entry for a payment made to Beemaster, Inc. Mr. Stratton explained that staff notices on occasion that bees are building hives in the meter boxes and they have to be removed.

C. Resolution 2002-4 – To Approve and Authorize an Election for November 5, 2002.

Mr. Stratton explained that terms for Board members James Doyle, Peter Schlegel and Marlene Wright will expire at the end of 2002. He said that staff had looked into the cost of conducting a mail-in ballot and discovered it would be approximately \$40,000 more than voting at the polls during the General Election. The Board discussed the vote by mail ballot and agreed to include the election of District Board Members in the General Election to be held on November 5, 2002, due to the cost involved and the election of Board members occurring at the same time as the General Election.

Mr. Offret moved to approve Resolution 2002-4 to call an election for November 5, 2002 for the purpose of electing members of the Board of Directors to fill the seats currently held by James Doyle, Peter Schlegel, and Marlene Wright. Ms. Wright seconded the motion and it was passed unanimously.

Mr. Schlegel asked that staff be directed to prepare informational packets for candidates interested in running for the Board vacancies. Mr. Stratton said staff will gather information regarding amount of signatures needed and the due date for the signatures. Ms. Wright asked that community notification be made as soon as possible to allow interested candidates time to respond. She also suggested including the information in the District newsletter to generate interest from District customers to participate in the election.

D. Discussion and Direction for Legislative Issues 2002.

Susan Charlton, District Lobbyist, said the Legislature has not settled the State budget issues so the regular legislative session is still on hold. She added that the Senate will meet the rest of this week; however, the House has suspended all activity at this time. Ms. Charlton explained the Governor's Water Commission bills were dead due largely in part to the opposition of the Realtors Association and the Cattleman's Association. The District's bill, HB 2199, has been withdrawn out of the Appropriations Committee and Ms. Charlton said it should move forward from the House to the Senate without any problems. There is minor opposition from Representative Knaperek as she is opposed to increasing payment to anyone given the fact that State employees will be not receiving pay raises. Ms. Charlton asked Board members for direction in the event it appeared that HB 2199 might fail due to this provision. Mr. Schlegel said he believes that HB 2199 is fair, and if passed will attract more desirable persons seeking election to utility Boards. Mr. Tenney noted that a provision in the bill allows for the Board to decide up to \$100 for attendance at Board meetings, and the money does not come from State revenue.

Ms. Charlton summarized a few Strike Everything Amendments related to water that have been introduced. She added that these bills were highly unlikely to have support. Ms. Charlton said the Omnibus Water Bill should go forward without any problems.

E. Election of Directors for the District Municipal Property Corporation.

Mr. Stratton said the Municipal Property Corporation (MPC) has not met recently and it has been noticed there are currently three Board members serving on the MPC. The by-laws allow for only two members of the Board to serve. Mr. Stratton said that to his knowledge none of the three Board members has offered to step down. Mr. Schlegel explained that in other instances the last person hired or appointed would be the first person to be dropped out. He added that he was the last member appointed to the MPC Committee, and did not feel strongly one way or the other about remaining on the committee. Mr. Tenney explained that the members on the MPC serve a three year term, and it is recommended that the Board re-appoint all members so that the terms begin at the same time.

Mr. Schlegel suggested continuing this item over to the next Board meeting to allow staff time to advertise for the open position. Mr. Stratton said there is not an immediate urgency to fill the position and agreed with Mr. Schlegel. Ms. Wright asked if anyone has come forward and expressed an interest in serving on the MPC Committee. Mr. Stratton and Mr. Offret both have had suggestions from interested parties. The Board agreed to continue this item until the next Board meeting to allow staff time to advertise, and to ascertain if interest exists from residents.

F. Approval of Membership in the Southern Arizona Water Users Association.

Mr. Stratton explained that this agenda item was requesting continuation of the District's membership in the Southern Arizona Water Users Association (SAWUA).

Ms. Wright made a motion to approve the District's membership in the Southern Arizona Water Users Association by paying the \$6,200 annual dues. Mr. Offret seconded the motion.

Mr. Schlegel asked if SAWUA would accept two equal payments per year for the dues. Mr. Stratton replied yes. Mr. Schlegel suggested an amendment to Ms. Wright's motion to pay the annual dues in two equal payments.

Ms. Wright moved to amend the motion to approve the District's membership in the Southern Arizona Water Users Association by paying the \$6,200 annual dues in two equal payments. Mr. Offret seconded the amendment to the motion and it passed unanimously.

G. Award of the Construction Contract for the Northern Hills Mainline Replacement, Phase I.

Mr. Schlegel mentioned that in the past the District had used Ductile Iron Pipe (DIP) and asked if staff now preferred Polyvinyl Chloride (PVC) pipe material. Mr. Stratton replied that staff has

previously suggested PVC; however, the Board has chosen DIP as a preferred alternative. He explained that both materials are acceptable in completing the Northern Hills Mainline Replacement, Phase I project. The cost of the DIP is approximately \$50,000 more but in the long term may be more durable. Mr. Stratton said that DIP is more durable in hot weather conditions if it exposed to the sun for any length of time. Mr. Schlegel asked if it was advantageous to remain with DIP for continuity considerations and was concerned about stocking both materials. Mr. Stratton said that both items are currently stocked by the District.

Mr. Doyle made the motion to award the construction contract for Northern Hills Mainline Replacement, Phase I (M-99-02) to JNJ Engineering Construction, Inc. in the amount of \$836,533.00 (Alternate B) and to authorize the General Manager to approve the following changes to the construction contract: 1) to allocate additional funding a cumulative amount not to exceed \$25,000; and 2) to 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. Schlegel seconded the motion and it passed unanimously.

H. Award of Construction Contract for the Hub Reservoir Site Expansion, Grading, Retaining Wall, Utility Relocation.

Mr. Stratton clarified to the Board that the contract for the Hub Reservoir site expansion was specific to grading and the retaining wall only, and that the construction of the storage tanks and the auxiliary power was not included.

Ms. Schlegel made a motion to award the construction contract for the Hub Reservoir Site Expansion, Grading, Retaining Wall, Utility Relocation project (M-01-14) utilizing Alternate A to JNJ Engineering Construction, Inc. in the amount of \$290,195.00. He also moved to authorize the General Manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed \$25,000; 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 shall be submitted to the Board of Directors for approval. Ms. Wright seconded the motion. The motion passed unanimously.

Mr. Offret asked staff to explain the water line extension in the existing access driveway. Mr. Maish explained the second water line was being added now for use in the future so that the driveway or easement would not be disturbed at a later date.

I. Right of Entry Agreement between the Arizona Department of Environmental Quality and District for Monitoring Work in the Remedial Investigation of Shannon Road-Rillito Creek WQARF Site.

Mr. Stratton said the proposed amendments are minor changes to the monitoring agreement approved by the Board on October 10, 2001, and that the overall agreement has not been changed. ADEQ legal counsel recommended minor changes to the agreement and it was not

signed by ADEQ in October 2001 as anticipated. Mr. Schlegel asked that staff notify the Board in a timely manner regarding these types of issues. Mr. Stratton explained that ADEQ had not completed the amendments in time to bring it to the Board for consideration at the February 11, 2002 meeting.

Mr. Offret made a motion to approve the Access Agreement between the Arizona Department of Environmental Quality and the District with an expiration date of December 31, 2003. Ms. Wright seconded the motion.

Mr. Schlegel asked if the agreement gave ADEQ access to all District well sites. Mr. Maish said it was his belief it included only those sites in the WQARF area. Mr. Schlegel's concern was that ADEQ could set up at any District site and potentially create delays or problems. Ms. Wright said the contract was very specific to the WQARF area well sites and recommended the motion be amended to coincide with the verbiage on page 1 of the Grant of Right of Entry.

Mr. Offret amended the motion to approve the Access Agreement between the Arizona Department of Environmental Quality and the District to include only those wells on page 1 of the Grant of Right of Entry with an expiration date of December 31, 2003. Ms. Wright seconded the amended motion. Motion passed unanimously.

J. Discussion of Current Negotiations for Multi-Partnership Effluent Managed Recharge Project.

Mr. Stratton said that since the Board's last update, there has been two effluent managed recharge meetings. He briefly explained the Proposed Effluent Recovery Principles draft document provided by the City of Tucson. Mr. Stratton said that the draft Memorandum of Agreement should be completed in time to submit to the Board for its approval at the April 8, 2002 meeting. He explained that once it is approved, the next process will be to begin to draft an Intergovernmental Agreement between all participating parties. Reaching a mutual agreement between all the parties may be difficult; however, there has been a great deal of positive movement. Mr. Stratton said Cindy Shimokusu from the Arizona Department of Water Resources is expected to attend the March 22, 2002 meeting to discuss the draft, permit application dates, and possible amendments to the IGA. ADWR has indicated that if an IGA cannot be reached, a second facility permit for the same reach of the Lower Santa Cruz River may be approved. Mr. Stratton explained that the development of an IGA will probably take more than three months to complete due primarily to the recover issues.

Mr. Offret asked when the District's permit could be ready. Mr. Stratton replied that it would be ready around the middle of March 2002. Mr. Offret suggested establishing a filing deadline for the District, and perhaps it would speed up the IGA negotiations. Mr. Stratton agreed and offered that during the April 2002 meeting, after the Board has reviewed the draft Memorandum of Agreement, the Board could discuss possible target dates for establishing a deadline.

K. Acquisition of Waterworks for the Delivery of Water for Domestic Purposes.

Mr. Polley explained this item had been discussed in Executive Session.

Ms. Wright moved to approve the intent to acquire the access of Green Valley Water Company as outlined in the term sheet and as described by the General Manager. Mr. Offret seconded the motion and it passed unanimously.

V. General Manager's Report

Mr. Stratton suggested the Board schedule a study session later this month to review and discuss Engineering/Hydrology and Utility draft budgets for fiscal year 2002-2003.

Tucson National North well has some fine sand coming into the well. The recommendation is to place a sand screen on the bottom of the well. Mr. Stratton said the time frame to make the necessary repair will depend upon whether staff fabricates the screen, or is able to purchase one already made.

Mr. Stratton said the Town of Oro Valley is holding a public meeting later this evening regarding annexation of the area west of La Canada from the La Canada Bridge at CDO Wash to Magee Road on the south, and extending west to La Cholla.

Mr. Stratton mentioned the General Manager's performance appraisal is scheduled for April 2002. Mr. Tenney explained to the Board that if any members wished to have the appraisal form emailed to them so that it could be completed on the computer to advise him.

VI. Legal Counsel's Report

Legal Counsel did not have anything new to report.

VII. Future Meeting Dates; Future Agenda Items

The Board scheduled a Study Session for March 25, 2002 at 5:30 p.m. to discuss Engineering/Hydrology and Utility draft budgets for fiscal year 2002-2003. The next regular meeting of the Board is scheduled for April 8, 2002 at 6:00 p.m.

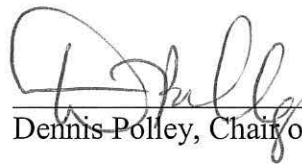
Mr. Schlegel requested future agenda items, to be included in staff report updates, address the removal of the Thornydale Reservoir, date for the two new wells to be completed, natural gas issues, and rebates for conservation devices. He added that Board members are concerned regarding the installation of new meters being down significantly, and asked that staff review the causes for discussions at a later date.

VIII. General Comments from the Public

Mr. Kulakowski asked when information would be available regarding the acquisition of the Green Valley Water Company. Mr. Stratton said the information would become available once the agreement had been finalized.

IX. Adjournment

The meeting adjourned at 7:16 p.m.



Dennis Polley, Chair of the Board



Clerk of the Board