

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

**May 13, 2002**

**\*\* Board Room \*\***

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

**MINUTES**

Board Members Present: Dennis Polley, Chair  
Jim Doyle, Member  
Pete Schlegel, Member  
Marlene Wright, Member

Board Members Absent: Dan M. Offret, Vice-Chair

District Staff: Mark R. Stratton, General Manager  
Michael McNulty, 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 6:00 p.m. Dennis Polley, Jim Doyle, Marlene Wright and Pete Schlegel were present. Dan M. Offret was not present.

**II. General Comments from the Public**

There were no comments from the public.

**II. Consent Agenda**

- A. Approval of Minutes – April 8, 2002 Board Meeting.**
- B. Approval of Minutes – April 29, 2002 Study Session.**
- C. Ratification of Billing Adjustments.**
- D. Approval of Water Service Agreement for Saint Odilia Catholic Community.**

Ms. Wright 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 there continued to be a decrease in the amount of new meters being installed. Mr. Schlegel said he noticed the District had used 33% more water than the same time period one year ago, but the revenues had not increased by 33%. Mr. Land explained that the billings and revenues are not recorded in the same month, and the revenues for the same time period as last year have not been posted as of the last report provided to the Board.

**B. Financial Report.**

Mr. Land said a 1993 GMC Jimmy belonging to the District had suffered engine damage, and perhaps transmission damage. The estimated cost to repair the engine is \$3,500. He explained the low book value for the vehicle is \$2,700, if the vehicle is in working condition. Mr. Land said the District's mechanic offered \$500 as salvage for the vehicle, and another individual offered \$800. Mr. Stratton explained that the vehicle was expected to last two more years, and therefore was not included for replacement in the proposed budget for fiscal year 2002/2003.

Mr. Polley asked what the cost would be for a replacement vehicle. Mr. Land replied that the District had recently purchased a pickup for \$14,000, with \$6,000 budgeted for the vehicle in fiscal year 2002/2003. Mr. Schlegel asked if the District would be able to wait until fiscal year 2002/2003 to purchase another vehicle. He also asked if staff would be affected if the vehicle were not replaced. Mr. Stratton said Engineering/Hydrology staff would be affected, and Utilities was assisting by loaning them a vehicle whenever possible.

Mr. Schlegel said he supported purchasing a replacement vehicle, and selling the 1993 Jimmy as soon as possible. Mr. Doyle said he had concerns with selling the vehicle for salvage without first verifying the true value of the vehicle, and believed that the vehicle may be worth more money. Mr. Stratton said that due to the vehicle not running and the cost of repairs, it would not be worth the blue book value.

Mr. Polley asked that estimates for a diagnostic check be completed on the vehicle, and that it be towed back to the District so as not to incur additional storage fees. The Board asked staff to further consider options on the repair/replacement of the vehicle.

**C. Update on Legislative Issues 2002.**

Susan Charlton, District lobbyist, said House Bill 2199 regarding Board member compensation, passed the legislation and was signed into law on May 6, 2002. She added that the Governor's Water Management Commission water recommendations had died early during the legislative session, and ADWR is discussing how to proceed on the bills. Ms. Charlton said the legislators

are continuing to work on the budget that is still one billion dollars deficit. She added that many legislative issues are being placed on hold due to this being an election year.

**D. Discussion of Health Insurance Coverage for Employees.**

Mr. Land explained that the District currently offers staff the same insurance coverage and provider as Pima County. He said that Health Net, which is the insurance company most District staff have, has raised its rates considerably for the upcoming fiscal year. Staff received a variety of quotes from other insurance companies, and Blue Cross Blue Shield (BCBS) provided the best coverage with the lowest premiums. Mr. Land said staff was questioned regarding their individual needs, and the response was that more staff was concerned about increased premiums versus co-pays, and the need for vision care, which BCBS offers.

Mr. Schlegel asked what Pima County is considering for its health insurance coverage for the upcoming fiscal year. Mr. Land replied that the County would remain with the same health care providers, but would offer additional policies with varying amounts for premiums. Mr. Schlegel said he believed the County was looking into self-insuring for their health insurance coverage, and asked staff to keep in contact with the County for consideration of the District's future health insurance needs. Mr. Polley said it was his understanding the County was considering self-insuring for its Risk Management needs only.

Mr. Land noted that all District staff would be required to insure with BCBS under the current plan, or they could refuse coverage. With the exception of one physician, all other physicians' staff currently visits are included on the BCBS plan. He also explained that staff has had difficulty with Health Net. Mr. Stratton recommended that the Board take action on the health insurance item at the study session scheduled for May 20, 2002.

**E. Approval of Additional Expenditures for Security Measures.**

Mr. Stratton said the need for additional expenditures for security measures was discussed at the April 29, 2002 Board study session. He explained that additional funds were sought to complete the work planned for this fiscal year.

Mr. Schlegel said the City of Tucson received a grant from the Federal Government to complete a study. To date, the information the City of Tucson had agreed to share with the District has not been shared. Mr. Schlegel recommended staff contact the City of Tucson to request they share the information with the District.

Mr. Doyle moved to approve an additional \$30,000 to be utilized from the District contingency fund to complete and expedite security measures for the District. Mr. Schlegel seconded the motion and it passed unanimously.

**F. Approval of Change Order No. 4 to the Contract with Miura Contracting, Inc. for the Thornydale Transmission Main.**

Mr. Stratton said Change Order No. 4 for the Thornydale Transmission Main was mostly to cover cost associated to changes in the quantities of items needed to complete the project. Ms. Wright asked if there was an extension granted as the completion date for the transmission main was March 22, 2002. Mr. Maish said the extension was part of the agreement with Miura Contracting.

Mr. Schlegel asked that in light of Miura Contracting filing a claim against the District, would it be prudent to hold the change order monies until the claim has been settled. Mr. Maish said the work has already been completed, and the District is responsible for paying this amount. The claim Miura Contracting made involved a different set of circumstances resulting from an earlier date. Mr. Maish said Miura did not seek damages from its insurance company for fear their rates would be raised. He added that legal counsel for the District is currently looking at the contract language. Ms. Wright requested that staff bring the claim issue back to the Board for further considerations prior to the claim being paid.

Mr. Schlegel said he thought the District would lose its bargaining power if the change order was paid prior to the claim being settled, and believed the District should withhold the final payment. Mr. Stratton explained that the District is responsible for paying Miura for the work they have completed, and that negotiations to consider other alternatives regarding the claim with Miura are underway. Mr. Schlegel recommended that staff review and establish policy so the District is protected against similar incidents in the future. Ms. Wright said she believed the District should act in good faith and pay for the work which has been completed by Miura.

Mr. Doyle asked why the change order was not completed prior to the work being done. Mr. Maish explained that the project was under estimated.

Ms. Wright moved to approve Change Order No. 4 to the Thornydale Transmission Main (M-96-11) contract with Miura Contracting, Inc. in the amount of \$37,589.08 with a contract completion date of March 22, 2002. The motion failed for lack of a second.

#### **G. Award of Miscellaneous Hydrogeological Services Contract**

Mr. Stratton said this item was continued from the April 8, 2002 Board meeting, and staff had provided additional information concerning the Clear Creek Associates contract. Ms. Wright said she does not believe open-ended contracts are a good idea and noted that Pima County and contracts was a recent news item. Mr. Stratton explained that District contracts differ from those of Pima County in that District open-ended contracts, awarded to private companies, are included in the competitive bid process. He noted that most of the open-ended contracts were for relatively small amounts, and bringing small contracts to the Board for approval would be time consuming and costly. Mr. Stratton added that staff currently seeks Board approval to renew the contracts which are job specific, and also if the contracts exceed the amount established by the Board.

Ms. Wright said that the contract does not specifically list how the money would be utilized. She said that it would be helpful if a detailed itemization of the total project amount were listed. Mr. Stratton agreed and explained that the contractors or consultants are required to provide a breakdown of the costs involved with individual projects, as well as cost estimates.

Mr. Maish said the District has had the miscellaneous hydrogeological services contract for two years, and this would be the third year. He added that the work varies, including grading, drainage, retaining walls, and plant preservation studies.

Mr. Doyle asked staff to continue to verify the billable hours and work completed for each project. Mr. Maish agreed, and said staff currently keeps track of the time spent and rates. Ms. Wright noted that the breakdown of the work orders has not been provided previously to the Board, and requested it be provided in the future. Mr. Stratton recommended that staff provide the Board with a breakdown of complete information for each contractor.

Mr. Doyle moved to approve the award of the professional services contract for Miscellaneous Hydrogeological Services to Clear Creek Associates, Inc. on a time and materials basis for a not-to-exceed amount of \$75,000. The contract expiration date shall be June 30, 2003. The contract may be extended at the end of June 30, 2003 for up to two additional years with Board of Directors approval. Mr. Schlegel seconded the motion. The motion passed unanimously.

**H. Approval of Amendment No. 1 to the Miscellaneous Water Distribution Design Services V Contract with Tetra Tech Consulting, Inc.**

Mr. Schlegel moved to approve Amendment No. 1 to the Miscellaneous Water Distribution Design Services V Contract with Tetra Tech Consulting, Inc. which establishes a new contract expiration date of June 30, 2003. Ms. Wright seconded the motion. The motion passed unanimously.

**I. Approval of Amendment No 2 to the Miscellaneous Water Distribution Design Services IV Contract with Stantec Consulting, Inc.**

Mr. Schlegel moved to approve Amendment No. 2 to the Miscellaneous Water Distribution Design Services IV Contract with Stantec Consulting, Inc. which provides an additional \$50,000 compensation and a new contract expiration date of June 30, 2003. Mr. Doyle seconded the motion. The motion passed unanimously.

**J. Approval of Amendment No. 2 to the Miscellaneous Geotechnical Services Contract with Pattison Evanoff Engineering, L.L.C.**

Mr. Schlegel moved to approve Amendment No. 2 to the Miscellaneous Geotechnical Services Contract with Pattison Evanoff Engineering, L.L.C. providing a new contract expiration date of June 30, 2003. Ms. Wright seconded the motion. The motion passed unanimously.



**V. General Manager's Report**

Mr. Stratton said that with the passage of HB 2199, staff would be creating a resolution for Board consideration regarding the compensation pay increase for Board members that attend District related meetings.

Mr. Stratton explained that the City of Tucson filed an application for the Managed Recharge Project. He noted that the regional participants in the meetings and discussions have signed as co-applicants for the project. The first draft of the Intergovernmental Agreement (IGA) was presented at the May 10, 2002 managed recharge meeting. Mr. Stratton said that meetings have been scheduled to begin reviewing the IGA.

Mr. Stratton said 121 signatures are required for candidates seeking election to the District Board of Directors. Mr. Schlegel asked that staff verify who is responsible for validating the signatures. Mr. Tenney explained the he believed Pima County, Division of Elections, is responsible for validating the signatures, but would verify this information with the County.

Mr. Stratton noted that staff has been meeting with the Town of Marana, Oro Valley, Flowing Wells Irrigation District, and the U.S. Bureau of Reclamation to consider the results of the NW Replenishment Program feasibility study, and the next steps to take. The Bureau of Reclamation said it would be 2005 before the funding would be available for design studies. All the entities involved agreed that the design and construction of a pipeline from the canal near I-10 up to an elevation of 2,800 feet would be a benefit to all the parties. However, construction would take 8-10 years to begin. Mr. Stratton said the Bureau of Reclamation is attempting to secure funding as a part of the overall CAP delivery system. If the Bureau is successful, this would minimize construction cost significantly for the District. Mr. Schlegel suggested soliciting assistance from the legislators if there becomes an immediate need for water, and asked that more emphasis be placed on the issue.

**VI. Legal Counsel's Report**

Mr. McNulty said he has been asked to represent the Colorado River Indian Tribes, and would withdraw his representation of them if any conflict of interest were to arise between them and Metro Water District. Mr. Schlegel said he had concerns regarding possible future payments made to Brown & Bain for representation of the District if issues were to arise between the District and the Colorado River Indian Tribes. He did not want the District placed in the position of being solely responsible for any legal costs that may be incurred in the future. Mr. McNulty responded saying he would provide the District with information concerning past issues with Green Valley Water Company (GVWC) and the Colorado River Indian Tribes.

Mr. McNulty said the parties involved with the GVWC acquisition are providing final comments. He was hopeful the documents could be finalized by the end of the week. Mr. McNulty also briefly discussed the MPC bond financing, and gave an overview of the transaction summary information he provided to the Board regarding the acquisition of GVWC.

**VII. Future Meeting Dates; Future Agenda Items**


The Board scheduled a Study Session for May 20, 2002 at 5:30 p.m. A special joint meeting of the Board and Municipal Property Corporation is scheduled for June 6, 2002 at 5:30 p.m. The next regular meeting of the Board is scheduled for June 10, 2002 at 6:00 p.m.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 7:30 p.m.

  
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Clerk of the Board

  
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Dennis Polley, Chair of the Board