

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

**May 14, 2001**

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

**MINUTES**

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

Board Member Absent:           Dennis Polley, Vice-Chair

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

**I.     Call to Order and Roll Call**

Pete Schlegel, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District) called the Board Meeting to order at 6:06 p.m. Dan M. Offret, Pete Schlegel and Marlene Wright were present. Dennis Polley was not present. Jim Doyle arrived later.

**II.    General Comments From the Public**

There were no comments from the public.

**III.   Consent Agenda**

- A.     Approval of Minutes – April 9, 2001 Board Meeting.**
- B.     Approval of Minutes – April 30, 2001 Study Session.**
- C.     Ratification of Billing Adjustments.**
- D.     Approval of Bad Debt Write-offs.**

Mr. Schlegel indicated he would abstain from voting as he was not present during the study session to approve the minutes and suggested continuing this agenda item until such time as Mr. Doyle was present. Ms. Wright and Mr. Offret agreed.

#### **IV. General Business – Items for Discussion and Possible Action**

##### **A. Monthly Status of the District.**

Mr. Schlegel stated that he had received compliments on the District crew working on a mainline replacement program and wanted to have those compliments relayed to staff. Mr. Offret asked how long it was anticipated for the Thornydale well to be out of commission. Steve Dean, Utilities Superintendent, replied that those repairs to Thornydale should be completed within the week.

##### **B. Financial Issues.**

Mike Land, Chief Financial Officer, stated that the District was right on budget regarding revenues and expenditures; however due to inclement weather this year, revenues have slipped slightly. He stated that he had received information from the National Weather Service on temperature and rainfall that showed the relation with the District's revenue in comparison with last year.

Ms. Wright questioned the expenditure paid to FarWest Drilling Company. Mr. Dean replied that pursuant to the contract of Arizona Department of Environmental Quality (ADEQ) and FarWest, the District paid for services rendered for the refurbishment South Shannon Well. Mark Stratton, General Manager, explained that the District had a contract with ADEQ for the South Shannon Well water quality superfund and in turn, ADEQ had FarWest Drilling under contract to do maintenance in order to repair and refurbish damaged pumps. He added that these costs paid to FarWest were for materials and labor at the direction of ADEQ. Ms. Wright asked if FarWest had completed these repairs and Mr. Stratton and Mr. Dean replied that all repairs had been completed.

##### **C. Fiscal Year 2001-2002 Budget.**

Mr. Stratton said that a synopsis was prepared based upon discussions at the last two study sessions and that Mr. Dean was requesting that his budget request for recommended maintenance on motors and pumps be pulled from the budget at this time and this issue be revisited next fiscal year. He added that with the District implementing use of the interruptible rate, that demand on gas-powered generators would increase and that maintenance costs on those generators would increase and staff is requesting additional funds for that line item.

Mr. Schlegel asked if funds would be restored to the public relations portion of the budget for the consideration of implementing a pro-active phone notification system. Mr. Stratton replied that based upon the previous study session, the Board stated that additional information is needed on this request. Ms. Wright stated that she would like more information on this item. Mr. Schlegel asked that he be able to discuss the phone system at the next study session.

Ms. Wright asked why the request for a backhoe differed from the previous request. Mr. Dean stated that the District currently had three backhoes that were beginning to incur substantial

maintenance costs. Mr. Stratton and Mr. Offret stated it was their understanding that the additional backhoe request was taken out of the budget. Mr. Land stated that it was still included in the budget requests. Ms. Wright asked that staff provide maintenance records and costs for Board review to compare to the cost of purchasing new equipment. Mr. Stratton recommended that the line item for purchase of new backhoe be deleted from the budget.

Mr. Doyle joined the meeting at 6:21 p.m.

**D. Employee Health Insurance Coverage.**

Mr. Stratton explained that based upon increases in costs, it would be most cost-effective for the District to go back under Pima County's umbrella. He stated another aspect for the Board's consideration was the issue of the District absorbing the increased costs or transfer some or all of the increased costs onto District employees for spouse and dependent coverage.

Mr. Land stated that the table provided was based on the District being covered under the County's umbrella and the percentages ranged from 15-25 percent.

Mr. Offret made a motion to approve the District rejoining Pima County Government as part of their health insurance program for the 2001-2002 fiscal year. Ms. Wright seconded the motion and it passed unanimously.

Ms. Wright made a motion to approve that the District establish a policy to fully fund "Employee" health insurance and that the employee pay 25% of the premium cost for the other categories of coverage involving their dependents. Mr. Offret seconded the motion.

Mr. Schlegel asked why Ms. Wright supported the 25% payment by employee. Ms. Wright stated she supports the District paying the increased costs for the employees, but based on the information provided, other entities require employees to pay for their dependant coverage, and she feels that 25% is very lenient and fair.

Mr. Schlegel said based on his calculations it is fair to ask employees to share in the increased insurance costs to the District. He added that it should not fall to the rate payers to fund complete employee benefits as well as substantial salaries.

Mr. Stratton explained that he had informed employees of the potential cost increase in insurance premiums and indicated that there are pros and cons to all situations. He stressed that staff had no objection to both recommendations, but that some of the lower-level employees might be more affected by the increases in dependant costs.

Mr. Offret asked if employees should contribute to their own insurance as Pima County was proposing. Mr. Schlegel said he felt that the District paying for the employee's insurance was a positive benefit that helped the District to retain good employees.

Mr. Schlegel called for a vote on the motion to approve the District establish a policy to fully fund employee health insurance and that employees pay 25% for dependant coverage. The motion passed unanimously.

**E. Discussion of Consumer Confidence Report/Water Quality Report.**

Warren Tenney, Assistant to the General Manager, stated that it was an Environmental Protection Agency (EPA) requirement to annually send out the Consumer Confidence Report to all District customers. He stated this will be the third year the District has mailed out these reports. He added that the reports would be printed in two colors and individually mailed to all District customers, including apartment dwellers and town home owners.

Mr. Schlegel expressed his concerns about the picture used in the Report and requested another picture be substituted. Mr. Tenney indicated that another picture could be substituted prior to printing the report.

Mr. Stratton said that staff was conservative relating to the arsenic reporting requirements in that the Metro-Hub area had two wells that exceeded the proposed 5 ppb rule and that Metro-Main had no wells that were affected by arsenic levels.

**F. Approval of Effluent Agreement with the City of Tucson.**

Mr. Doyle made a motion to approve the Intergovernmental Agreement with the City of Tucson for the transfer of effluent derived from the waters of the District. Mr. Offret seconded the motion and it passed unanimously.

Mr. Stratton stated that this item was on the City of Tucson City Council agenda for June 5, 2001. Mr. Schlegel asked if the Town of Oro Valley and City of Tucson had established an agreement as of yet. Mr. Stratton replied that they were concerned with jurisdictional issues and they were trying to determine appropriate language for their agreement.

**G. Discussion of Letter from Bluff Homeowners Association.**

Mr. Stratton stated he had received a letter from John and Lynn Sedwick on May 24, 2001 stating their concerns related to the Tucson National West site and sound issues at the Tucson National East site. He added that the Board members had also been sent this letter. Mr. Stratton said that he had visited this site and the sound enclosure is in place and while the noise level is not completely eliminated, it had been decreased. Charlie Maish, District Engineer, added that the noise level had been reduced significantly.

Laura Tanser, District customer, addressed the Board regarding her concerns with noise levels. She indicated that even though the noise levels are reduced, the noise coming from the well site is still audible.

John Sedwick, District customer, expressed his concerns with the well pump located in the Bluffs area. He asked if some type of enclosure could be constructed at the pump station. Ms. Wright asked if his concerns were for aesthetics or noise levels. Mr. Sedwick answered they were both. Ms. Wright asked District staff if construction was finished at that site. Mr. Stratton responded that construction at the North and East well sites were physically completed; however, re-vegetation and/or fence slatting still needed to be completed. He indicated that construction at the Tucson National West well site would still be ongoing for at least another month.

Mr. Schlegel thanked the customers for their comments and expressing their concerns. He stated that the Board Members would like to meet with the Homeowners Associations to address their concerns; however, he would like to gather more information before such a meeting so as to be better prepared to give customers detailed, accurate information and costs. He indicated that the Board's goal was to be fair to District customers.

Bob Ewens, District customer, stated that the homeowners association meets the fourth Wednesday of every month and their next meeting was to be May 23, 2001. Mr. Schlegel stated he could not commit the attendance of all Board members at that meeting, but directed staff to gather information in preparation of that meeting.

Mr. Sedwick suggested the use of block walls instead of fence slatting. Mr. Offret replied that the issue was larger than aesthetics and asked if the District could implement budget consideration for consultants on landscaping architecture in initial design phases.

Ms. Tanser requested that the District involve affected communities from the onset of their designs and become more neighborly. Mr. Stratton stated that the District had instituted neighborhood meetings with the onset of the capital improvement project.

Ms. Wright commented about the costs of projects and that the Board was facing similar requests from customers in the Metro-Hub area and that the Board needed to determine what was appropriate without having all customers pay for an improvement that only benefits a few. She asked if staff could take decibel measurements from different houses around the affected sites and provide that information to the Board. Mr. Maish replied that staff would provide that information as well as include information about variable speed drives in the report.

#### **H. Proposed Metro-Hub Storage Expansion.**

Mr. Stratton indicated that staff is continuing to address the Metro-Hub storage expansion issue brought up in previous meeting including preparation of a draft survey to move forward to solicit additional information based upon comments of Board Members, customers and homeowners, exploration of cost factors in building a 1.8 million gallon reservoir and mitigation issues for a more aesthetically pleasing storage tank. He stated that based upon discussions with John Kulakowski and Reb Guillot, there is a strong need to do something as soon as practicable to provide higher reliability of water service for the Metro-Hub service area. Mr. Stratton noted that costs for erecting a 1.8 million gallon reservoir could cost Metro-Hub service area customers \$10 per month for 10 years and he feels it is inappropriate for the customers in Metro-Main



service area to supplement financing for that level of storage for the Metro-Hub service area as there are severe storage needs in the Metro-Main service area as well. He stated that staff's recommendation was to either send out the survey and continue gathering more information based on the responses of those surveys or proceed directly to the engineering process utilizing the plans for 250,000 gallon storage tank.

Mr. Offret asked if this would be completed this summer. Mr. Stratton replied it would be a six-month process at minimum.

Mr. Doyle made a motion to direct staff to send out a survey to Metro-Hub customers regarding storage and report back to the Board in July. There was no second motion.

Ms. Wright made a motion to direct staff to proceed with Alternative #1 and work with the surrounding neighborhood to minimize visual and sound concerns. Mr. Schlegel seconded the motion.

Mr. Doyle stated that the survey should be sent to Metro-Hub customers and with the additional input, the District could be more proactive. Mr. Offret stated that the Board needed to get as much input as possible and he concurred with the need to send the survey and have another meeting. Mr. Stratton stated that the results of the survey could be used to help determine and support the District's recommendation.

Ms. Wright withdrew her motion and Mr. Schlegel withdrew his second.

Mr. Doyle made a motion to direct staff to send out a survey to Metro-Hub customers regarding storage and report back to the Board in July. Mr. Offret seconded the motion and it passed unanimously.

**I. Approval of Amendment No. 1 to the Miscellaneous Water Distribution Design Services IV Contract with Stantec Consulting, Inc.**

Mr. Doyle made a motion to approve Amendment No. 1 to the Miscellaneous Water Distribution Design Services IV Contract with Stantec Consulting, Inc., which provides an additional \$100,000 compensation and a new contract expiration date of June 30, 2002. Mr. Offret seconded the motion.

Ms. Wright asked what circumstances existed that warrants the justification of this request. Mr. Stratton stated that most of the funding would come from CIP bond funding and would cover miscellaneous design project through specialty contractors. Mr. Offret asked if landscaping architecture designs could be addressed with this contract. Mr. Maish replied that they can ask for that to be done.

Mr. Schlegel called for a vote on the motion to approve Amendment No. 1 to the Miscellaneous Water Distribution Design Services IV Contract with Stantec Consulting, Inc. The motion passed unanimously.

**J. Approval of Amendment No. 3 to Miscellaneous Hydrogeological Services Contract (III) with Haley & Aldrich, Inc.**

Mr. Doyle made a motion that the Board of Directors approve the contract Amendment No. 3 for the Miscellaneous Hydrogeological Services (III) with Haley & Aldrich, Inc. The Contract amendment will extend the expiration date to June 30, 2002 with no additional increase in the contract amount. Mr. Offret seconded the motion.

Mr. Offret asked why the full amount of the contract was not expended. Mr. Stratton replied there was no need for their services.

Mr. Schlegel called for a vote on the motion to approve the contract Amendment No. 3 for the Miscellaneous Hydrogeological Services (III) with Haley & Aldrich, Inc. The motion passed unanimously.

**K. Approval of Change Order No. 2 to the Contract with Miura Contracting, Inc., for the Thornydale Transmission Main.**

Mr. Doyle made a motion to approve Change Order No. 2 to the Thornydale Main (M-96-11) contract with Miura Contracting, Inc., in the amount of \$32,442.05 and a contract time extension of 7 calendar days. Mr. Offret seconded the motion.

Ms. Wright asked why this provision was not included in the original contract. Mr. Stratton explained that the plant preservation requirements did not occur until after the contract was approved by the Board. Mr. Maish added that the contract was awarded in December 2000 and that the County Board of Supervisors did not issue this policy until March 2001.

Mr. Schlegel called for a vote on the motion to approve Change Order No. 2 to the Thornydale Main (M-96-11) contract with Miura Contracting, Inc. The motion passed unanimously.

**L. Approval of Change Order No. 1 to the Contract with Tricon Contracting, Inc., for the Orange Grove Park/Tangerine Acres Mainline Replacement, Phase I.**

Mr. Doyle made a motion to approve Change Order No. 1 to the Orange Grove Park/Tangerine Acres Mainline Replacement, Phase I (M-98-18) contract in the amount of \$47,900 and a contract time extension of 30 calendar days. Mr. Offret seconded the motion.

Ms. Wright asked if this was the total amount to be paid or a not-to-exceed amount. Mr. Maish confirmed it was a not-to-exceed amount.

Mr. Schlegel called for a vote on the motion to approve Change Order No. 1 to Orange Grove Park/Tangerine Acres Mainline Replacement, Phase I. The motion passed unanimously.

**M. Approval of Amendment No. 2 to the Analytical Laboratory Services Contract for Conducting Testing of Radiochemical and Arsenic Analyses with Precision Analytical, Inc.**

Mr. Doyle made a motion that the Board of Directors approve the contract Amendment No. 2 for the Analytical Laboratory Services Contract for Conducting Testing of Radiochemical and Arsenic Analyses with Precision Analytical, Inc., for the amount not-to-exceed \$33,500. Mr. Offret seconded the motion and it passed unanimously.

**N. Approval of Amendment No. 2 to the Analytical Laboratory Services Contract for Conducting Testing of Inorganic Chemical Analysis with Turner Laboratories, Inc.**

Mr. Doyle made a motion that the Board of Directors approve the contract Amendment No. 2 for the Analytical Laboratory Services Contract for Conducting Testing of Inorganic Chemical Analyses with Turner Laboratories, Inc., for the amount of \$10,500. Mr. Offret seconded the motion and it passed unanimously.

**O. Approval of Amendment No. 2 to the Analytical Laboratory Services Contract for Conducting Inorganic Chemical Analytical Services with Aqua Tech Environmental Laboratories, Inc.**

Mr. Doyle made a motion that the Board of Directors approve the contract Amendment No. 2 for the Analytical Laboratory Services Contract for Conducting Inorganic Chemical Analytical Services with Aqua Tech Environmental Laboratories, Inc., for an amount not-to-exceed \$48,500. Mr. Offret seconded the motion and it passed unanimously.

**P. Approval of Amendment No. 2 to the Analytical Laboratory Services Contract for Conducting Testing of Synthetic Organic Chemicals with Aqua Tech Environmental Laboratories, Inc.**

Mr. Doyle made a motion that the Board of Directors approve the contract Amendment No. 2 for the Analytical Laboratory Services Contract for Conducting Testing of Synthetic Organic Chemicals with Aqua Tech Environmental Laboratories. The contract amendment will extend the contract expiration date to June 30, 2002, with no increase in the contract amount. Mr. Offret seconded the motion and it passed unanimously.

**Q. Award of Used Vehicle Bid.**

Mr. Doyle made a motion to approve the bids received by Rick Brown of KEI Auto Wholesalers for the amount of \$1,125 for G006AI, and \$1,225 for G007AL. Mr. Offret seconded the motion.

Mr. Schlegel requested that staff look at the vehicle fleet every 30 days and refresh the paint and decals and general clean up of those vehicles.



Mr. Schlegel called for a vote on the motion to approve the bids received by Rick Brown of KEI Auto Wholesalers. The motion passed unanimously.

**R. Governor's Water Management Commission Update.**

Mr. Tenney stated that the Board received a recent memorandum explaining the two working group meetings that occurred last week. Mr. Schlegel questioned when the Commission would wrap up its activities. Mr. Tenney replied that presently the Commission to complete its activities by the end of this year to be presented to the legislature in 2002. Mr. Stratton added that June 29, 2001 is the target date for working groups to forward their reports for the Commission to consider in preparation of potential legislation.

**S. General Manager's Evaluation.**

Mr. Offret explained that he requested this be placed on the agenda as he did not fully understand the General Manager's contract at the time of the last executive session and feels there was confusion about whether a merit award could be given. He wanted to address the issue at this meeting. Ms. Wright stated she preferred to discuss it in executive session. Mr. Stratton stated he preferred to discuss it in open session.

Mr. Schlegel asked for clarification. Mr. Tenney explained that according to state statutes, the Board could schedule an executive session regarding personnel issues if the person faced with personnel issues was notified at least 24 hours in advance and that person may elect to have the issue discussed in an executive session or open session. Mr. McNulty, legal counsel, concurred with Mr. Tenney.

Mr. Schlegel and Ms. Wright stated they would prefer this matter be handled in executive session. Mr. Stratton indicated he would not oppose an executive session. Mr. Schlegel directed staff to set this matter for executive session.

**V. General Manager's Report**

Mr. Stratton reported that Chris Hill, Deputy Manager, and Doug Lemke, Legal Counsel, got the amendments requested for the Tucson Electric Power (TEP) interruptible rate contract and the contract was ready for Board signature. He added that TEP agreed that they would not shut down any site during the performance of maintenance if the District gave them 15-day advance notice of the site locations.

Ms. Wright left the meeting at 8:12 p.m.

Mr. Stratton advised that ADWR combined the Metro-Main and Metro-Hub service areas for reporting requirement purposes and that the District had not been notified of this change. He stated that staff had some issues in disagreement with this policy and have met with legal counsel to rectify the situation. Mr. Stratton indicated that he would keep the Board apprised of any developments with ADWR.

**VI. Legal Counsel's Report**

Mr. McNulty stated he had nothing to add.

**III. Consent Agenda**

- A. Approval of Minutes – April 9, 2001 Board Meeting.
- B. Approval of Minutes – April 30, 2001 Study Session.
- C. Ratification of Billing Adjustments.
- D. Approval of Bad Debt Write-offs.

Mr. Doyle made a motion to approve the consent agenda. Mr. Offret seconded the motion. The motion passed 2-0, with Mr. Schlegel abstaining from the vote.

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

The Board scheduled a study session for May 21, 2001 with an Executive Session. Items to be discussed include the General Manager's Evaluation and the budget.

Mr. Ted Poelstra informed the Board that Bill 2408 regarding infrastructure financing had been signed by the Governor.

**VIII. Adjournment**

The meeting adjourned at 8:23 p.m.

  
Clerk of the Board

  
Peter H. Schlegel, Chair of the Board

