

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

November 14, 2001

**** Board Room****

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

MINUTES

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

District Staff: Mark Stratton, General Manager
 Michael McNulty, Legal Counsel
 Warren Tenney, Clerk of the Board
 Alice Stults, Recording Secretary

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 6:00 p.m. Dennis Polley, Jim Doyle, Pete Schlegel, Dan M. Offret and Marlene Wright were present.

II. General Comments From the Public

Chairman Schlegel called for comments from the public and there were none. Chairman Schlegel mentioned that the Board received a letter from the community of Cottonwood which was written to express their appreciation for General Manager Mark Stratton's recent contribution to local water resources planning efforts in the Verde Valley area. The Board thanked Mr. Stratton for his commitment and dedication to statewide projects as well as his local involvement.

III. Consent Agenda

Mr. Doyle made a motion to approve the items on the Consent Agenda. Mr. Polley seconded the motion. Motion was passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mr. Offret asked how long staffs that were taken off the Hub Mainline Replacement Project would continue to work on security issues. Mr. Stratton replied approximately 30 more days.

Mr. Schlegel said he was concerned that the security issues and safety act measures discussed in Executive Session on October 10, 2001 were referenced in the monthly status report. Mr. Polley asked if it was appropriate since this information was published to make customers aware that the District was taking necessary precautions to ensure safe water. Mr. Schlegel stated no, that making the issues and safety measures public was still not appropriate and asked staff to be more cautious in future reports the public may see. Mr. Schlegel said he was concerned that some of the safety issues discussed in the October 10, 2001 Executive Session have not been addressed. Mr. Stratton advised that staff is continuing efforts to address all of the issues.

Mr. Schlegel inquired about Tucson National North well continuing to be shut down due to sand issues. Mr. Stratton said staff is currently meeting with Gilbert Pump related to liquidating damages and Gilbert Pump does not want to continue working until these issues are settled or damages finalized. Mr. Stratton said the District has the option to obtain another contractor; however, it would cost the District additional monies which would have to come out of the General Fund. He also shared that since we are approaching the winter months, water pumpage out of the Tucson National North well is not as critical. Staff has been unable to determine where the sand is coming from and how to address the problem. Mr. Schlegel asked that staff confer with legal counsel to identify the issues with Gilbert Pump and work out a solution.

Mr. Schlegel asked about the exploratory drilling, if the testing was completed and if the results were back. Mr. Stratton replied that the testing had been completed and the District was waiting for the results.

B. Financial Issues.

Mike Land, District Chief Financial Officer, reported that the amount of new meter applications was down compared to previous months and years. He added that the majority of meters in the new construction areas have been installed, and the contractors are attempting to sell the homes/lots with the existing meters. Mr. Land said that the September 11, 2001 tragedy has also made an apparent impact on new construction.

Mr. Schlegel said he had some concerns with the Statement of Revenues and Expenditures report and asked Mr. Stratton for permission to contact Mike Land, Chief Financial Officer, to clarify some of the items. Mr. Stratton encouraged the Board to contact Mr. Land at any time regarding financial issues. Ms. Wright asked if any of Mr. Schlegel's concerns needed to be mentioned to the Board. Mr. Schlegel said they dealt with why some items purchased were at a higher rate

than last year. Mr. Land said he would be available the following day for consultation and would do a report to the Board and address Mr. Schlegel's concerns.

Mr. Schlegel asked why the District was purchasing less CAP water this fiscal year compared to last fiscal year. Mr. Stratton said the bank trustee in charge of the escrow account neglected to make a settlement payment to the City of Tucson, and when the payment was made out of the budget it reduced the amount of CAP water the District could purchase.

C. Billing Dispute with Customer John Judin.

Mr. Judin, who operates a swim school, questioned his June, July and August 2001 water bill and believed the meter was working incorrectly. Mr. Judin said he believes something could test perfect but still not work correctly. He said the water did not go through the meter and does not believe he should be responsible for paying for the water. Mr. Land said the old meter was in place prior to the new meter being installed, and it registered the same as when the new meter was installed. Mr. Land argued that the water did go through the meter and Mr. Judin was responsible for the cost of water consumption.

Mr. Polley asked if both the old and new meters were tested prior to the new meter being installed. Chris Hill, District Deputy Manager, replied yes. Ms. Wright asked if it is typical for new meters to go haywire. Mr. Hill said based upon his experience it has never happened. Mr. Land added that he contacted the author of a study in a national publication about meters, and they concurred that meters do not over read but will under read. Mr. Doyle said that if the gears fail in a meter it would cause the meter to show less water consumption, not more, as in the case of Mr. Judin's water consumption readings.

Mr. Judin provided to the Board that the valves to the pool on the property were not locked, and he believed the pool had not over flown during the period of the high water usage. He added that the rental house on the property was also vacant during this time. Mr. Judin located a leak after being notified by District staff of the high water consumption, and the leak was repaired. However, the meter continued to register high consumption readings after the repair. Mr. Land said that approximately two months had passed from the time staff contacted Mr. Judin and the time he responded back to the District. Mr. Judin said after the readings continued to be high, he had persons check for leaks again on his property but none were located.

Mr. Polley said that based upon District policy and Mr. Judin's failure to respond to District staff in a timely manner, he agreed with Mr. Land's recommendation that a credit not be issued. Mr. Offret asked if there was another rate the District could charge Mr. Judin as opposed to the high user rate. Mr. Land said that under some circumstances the District has lowered the rate, however, this has been for residential customers and Mr. Judin is a commercial customer. Ms. Wright made mention of an incident of high water usage by another commercial account in the past and asked if the rate had been adjusted. Mr. Land replied that it had not.

Mr. Offret said he agreed with Mr. Polley but provided that due to Mr. Judin's efforts to address this issue he believed the District should attempt a compromise. Mr. Schlegel clarified that the

account was in Mr. Judin's name, and not that of the commercial swimming business, therefore, the rate could be adjusted.

Mr. Offret made a motion to apply a commodity rate solely for this instance during Mr. Judin's three months of high water usage. Ms. Wright seconded the motion. Motion was passed unanimously.

Mr. Polley said that it should be made clear that this decision by the Board would be made specific to this incident as there is a rental house located on the property which makes it an income commercial property along with the swimming pool business activities. Mr. Polley added that current District policies would not change and this would not establish a precedent. The decision was made solely based upon an unusual water meter reading situation.

D. Approval of Audit for Fiscal Year 2000-2001.

Mr. Polley moved to approve the audited Consolidated Financial Statements of the District for fiscal year 2000-2001. Mr. Offret seconded the motion. Motion was passed unanimously.

Mr. Offret asked for an explanation of a regulatory asset. Mr. Land said it was established when the District was attempting to sell bonds to pay the settlement portion to the City of Tucson.

E. Discussion of Revenue Bonds and Subordinate Obligation Bonds.

1. Approval of Resolution 2001-5 - Authorization of the Issuance of \$10 million of the District's Water Revenue Bonds, Series 2001.

Mark Reader of Peacock, Hislop, Staley & Given (PHSG) addressed the Board to provide an update regarding the viability of issuing the remaining \$10 million bond. Mr. Reader said a great deal of work had been done on the disclosure documents necessary to move forward with the bond transactions, as well as negotiations with the City of Tucson to pay the Settlement Agreement in full. Mr. Reader said that at the October 10, 2001 Board meeting, the interest rates were 2.88 percent on a three year maturity, and currently the rate on a G.O. bond is 2.15. On the municipal side the rates have come down, but the escrow has increased somewhat. He added that the 2 ¼ savings mentioned at the previous Board meeting still looks pretty good.

Mr. Stratton said that consultant Bob Logan was meeting with the City of Tucson to discuss early payoff of the Settlement Agreement. The District was recommending a 20% reduction in the original Settlement Agreement amount if paid off early. Mr. Stratton said the offer was being strongly considered by the City of Tucson, however, he did not believe they would agree to the full 20% reduction. Mr. Schlegel asked if the District would have to wait to move forward on the bond issuance until after a settlement was reached with the City to which Mr. Reader replied yes. Mr. Stratton said the City of Tucson could get it on their agenda as early as December 2001.

Bond Counsel, Fred Rosenfeld, advised the Board that both Resolution 2001-5 and Resolution 2001-6, if approved, would need to be modified and changes brought before the Board most

likely at the December 10, 2001 meeting. Mr. Rosenfeld also said the Board has full power to accept the settlement agreement with the City of Tucson, and closing of the bond issues will be contingent upon the agreement reached with the City of Tucson.

Mr. Schlegel asked if consideration had been given to re-doing the agreement with Hub. Mr. Rosenfeld said he was not instructed to explore this option; however, there would not be a benefit to pay Hub off early or extend the payments and added he would worry about the interest rate increasing. Mr. Schlegel asked that the Board be notified and a special meeting of the Board called, if needed, once an agreement was reached with the City of Tucson.

Ms. Wright stated she was not comfortable with signing the resolutions at this time since Mr. Rosenfeld indicated the resolutions would need to be modified in December 2001. Mr. Rosenfeld said it would be beneficial for the Board to approve the resolutions at this meeting so that the District would be in the position to show sincere intent to the insurance and rating agencies and begin negotiations to keep this issue moving forward. Mr. Reader concurred.

Mr. Offret moved to approve Resolution 2001-5 to authorize the issuance of \$10 million of the District's Water Revenue Bonds, Series 2001 with final action to be taken at a later date. Mr. Polley seconded the motion. Motion passed unanimously.

2. Approval of Resolution 2001-6 - Authorization of the Issuance of Not-to-Exceed \$17 Million of the District's Subordinate Obligation Revenues Refunding Bonds, Series 2001 to Refund an Existing Obligation Owed to the City of Tucson and to Provide Funds to Prepay an Existing Lease-Purchase Agreement.

Mr. Offret moved to approve, based upon a favorable outcome of the City of Tucson's willingness to discount the settlement agreement, Resolution 2001-6 to authorize the issuance of not-to-exceed \$17 million of the District's Subordinate Obligation Revenues Refunding Bonds, Series 2001 to refund an existing obligation owed to the City of Tucson and to provide funds to prepay an existing Lease-Purchase Agreement. Mr. Polley seconded the motion. Motion passed unanimously.

F. Update on Credit Card Fees.

Ms. Wright said she had noticed on her TEP bill that they utilized a processing firm and asked Mr. Land how the processing firm was paid. Mr. Land said the processing firm collects the fees for the business and a 3% processing fee is passed on to the customer. Mr. Land said the advantage to the District to process the charge cards in-house is that the District has immediate access to the funds. The total fees incurred by the District for customers charging fees on their cards during fiscal year 2000-2001 amounted to \$10,165. Ms. Wright asked what the turn around time would be if the District were to use a third party processing firm. Mr. Land replied that he was unsure as to the turn around time, and believed the third party processing firm charged a fee for service in addition to the 3% passed on to the customers. The District will continue its current policy to allow use of credit cards by customers to pay fees.

G. Discussion of Public Relations Efforts.

Ms. Wright began discussions by saying she agreed with some of the statements made in the staff report; however, she questioned why there was a need to further promote the District and believes the District is promoted through the quality services it provides. She added that a great deal of public relations efforts is accomplished simply by staff doing their jobs and doing them well. If a public relations firm were to be retained by the District, Ms. Wright believes it should be done through the bidding process.

Mr. Polley agreed with Ms. Wright and added that in comparison to other water utilities, the District is perceived well by the customers, and has received accolades in response to conservation and planning efforts, locally as well as statewide.

Mr. Offret said he was agreeable with the changes made during the last several months but added that in this time of budget constraints he does not believe the District should expand its public relations efforts during the current fiscal year. He believes that since the Governor's Water Management Commission is winding down, Mr. Tenney can review his responsibilities and work load and can devote more time to focus on public relations issues, if needed. Ms. Wright said it was her contention also that there was not a need for the newsletter to continue due to budget constraints, or perhaps not as often.

Mr. Schlegel said that Gary Greenburg was hired to assist Mr. Tenney in tasks surrounding public relations issues and does not belong to a firm, which would cost the District a considerable amount of money. He added that the District also needs to enhance its conservation and education efforts and provide more press releases. Mr. Schlegel believes the community does not understand what the District does, nor the security measures the District is undertaking. By retaining Mr. Greenburg, Mr. Schlegel believes it could save the District money and free up some of Mr. Tenney's time. Mr. Schlegel compared the cost associated with keeping Mr. Greenburg to those of other District consultants and attorneys, and the amounts spent by other water entities for public relations. He is disappointed that fellow Board members have not taken into consideration his 30 years of experience in the publishing field and are not taking advantage of his expertise and recommendation of retaining Mr. Greenburg. He believes Mr. Greenburg has a writing style that fits with the District. Mr. Schlegel added it is also his belief Mr. Greenburg was not considered by the Board because Mr. Schlegel had recommended him. Mr. Schlegel said that Mr. Tenney's needs should outweigh the fellow Board members personal feelings towards Mr. Schlegel. Mr. Schlegel asked Mr. Tenney if Mr. Greenburg had been of help to him.

Mr. Tenney offered that Mr. Greenburg had helped him to focus on getting the work done. He said the challenge has been to ensure the District has reached a good balance with public relations efforts. Public relations has been one of the responsibilities of Mr. Tenney's employment with the District and he would continue with these efforts if the Board and General Manager so agree. Mr. Tenney shared that meeting and working with a consultant was time consuming in its self, but would be less as a consultant becomes more aware of the District.

Ms. Wright said the Board's views on public relations should not be viewed or construed as a personal view against Mr. Schlegel's opinion. Ms. Wright commented that the District had benefited from Mr. Greenburg but questioned if the District wanted to proceed with a public relations person long term. She did not believe the District should continue this path at this time due to money constraints, and that the District should revisit the public relations needs and requirements at a later date. Mr. Schlegel said he thought the District has enough funds and believes the District should put more emphasis on public relations and enhance its position in the community.

Mr. Polley was excused at 7:45 p.m. to pick up his daughter and did not return to the meeting.

Mr. Doyle suggested revisiting the public relations issue when considering next fiscal years budget.

Mr. Schlegel thanked Mr. Greenburg for his efforts and contributions made to the District.

H. Discussion of Background Check Policy for New Employees.

Mr. Schlegel asked why the language regarding the background checks had been changed from stating all employees to new employees. Mr. Stratton replied that he was unsure and said the attorney working on the draft was not present. Mr. Schlegel said that to ensure fairness and equal treatment of all employees, background checks should be considered for all employees. Mr. Schlegel asked that staff contact local police agencies to ascertain if criminal history checks could be made available on current as well as new employees. Mr. Stratton agreed and added that there may be a cost factor which needed to be considered when developing policies. Mr. Stratton cautioned that some items may be considered an intrusion into personal privacy. Mr. Schlegel asked that staff contact other agencies to determine what policies they have established. Mr. Stratton said that he had checked with surrounding water utilities and found they are not currently conducting extensive background checks on existing employees but are interested in increasing the checks conducted on new employees.

Mr. Offret said the District needs to be more specific in the types of checks performed and in what detail they will be performed. He also agreed that cost will also be a factor, but that the District needs to take necessary precautions in order to protect itself. Ms. Wright pointed out that some of the terrorists involved in recent activities did not have criminal background histories. Mr. Stratton commented that the District should take all reasonable measures necessary to ensure the safety and integrity of employees, the District and its customers.

Mr. Schlegel inquired about the identification badges which the District had recently purchased. Mr. Stratton said that there was a mistake made with matching some of the names of employees with correct photographs on the badges. The badges are being corrected by the vendor and should be ready shortly.

Mr. Tenney said the important thing to remember is that as the District conducts the background checks the District can only make a decision based on the information provided if an employee has had a conviction, and this may not protect the District's total liability exposure. Mr. Schlegel said that any steps the District can take to minimize potential exposure are expected.

Ms. Wright said that she agrees with the criminal background history checks, but disagrees with the District considering credit ratings or conducting credit checks.

Mr. Schlegel asked staff to research policies established by other agencies and provide the Board with their findings and recommendations.

I. Discussion of Pima County Request Regarding La Cholla Transmission Main.

Mr. Stratton provided to the Board that Pima County wanted the District to collaborate with them on their La Cholla Boulevard roadway improvement project and the District's transmission main project. Pima County wants the District to allow its contractor for the La Cholla road improvements to construct the District's transmission main and water line relocation. Mr. Stratton said that under these circumstances the District would not be guaranteed the work would be completed by the lowest bidder, nor would the District have control over the contractor. However, if the District pursued its construction project on its own, the District may incur extra costs because of conflicts between the District's contractor and Pima County's contractor, and Pima County seeking claims against the District for slowing down the County's project. The positive aspects are that there would not be the potential conflict of having more than one contractor in the area, there would be less inconvenience to the public, and any potential damages which may occur would be the responsibility of Pima County. Mr. Stratton said there have been frustrations with Pima County as they have not approved the District's plans so the District could move forward on the project. Staff contacted Tucson Water, who has previously done similar type activities with Pima County Department of Transportation, to ascertain their thoughts and perspectives on how the overall bidding process was accomplished. Tucson Water believed that it could have received a lower bid had the process been completed by Tucson Water.

Mr. Doyle asked if the project was going to be under current asphalt. Tom Caito, District Senior Engineer, said the District's project would, for the most part, not be under current asphalt; however, some portions would fall under future asphalt. Mr. Doyle asked if this was a project the District could postpone or if there were advantages to completing the project at this time. Mr. Stratton replied that because of the roadway improvements being made by Pima County, if the District were to wait there would be extra costs involved in disturbing the improvements and sound wall Pima County will be constructing. Mr. Doyle also inquired if the District would be doing its own construction management if Pima County's contractor were to complete the District project as well. Mr. Stratton replied yes, as well as the inspections.

Mr. Stratton asked for direction from the Board, indicating the District is ready to move forward on getting its plans approved and going out for bid on the project if this were to be the Boards

direction. Mr. Stratton believes the District could complete the project on its own for less money. He also informed the Board that if the District were to partner with Pima County, an Internal Government Agreement would be drafted, and added that staff had already been considering the language for the draft. Mr. Stratton said that due to the time period restrictions, potential problems could exist if the District were to try to complete the project on its own. Mr. Stratton added that it may be prudent to collaborate with Pima County to avoid potential conflicts.

Mr. Schlegel suggested that perhaps it would be prudent for the District to consult with legal counsel to assist with and expedite plan approvals from Pima County. Mr. Stratton said the process that Pima County is currently using is not working and other utilities are feeling somewhat helpless and the consensus is they are forced into collaborating with the County. The utilities are left with little choice when they submit plans and designs in a timely manner, and the County is not responding with approvals. Mr. Stratton said that in prior instances the County has bid their own projects and started the work prior to the utilities being allowed adequate time to do relocation work.

Mr. Doyle and Ms. Wright voiced that they do not believe the District should partner with Pima County on the La Cholla transmission main and water line relocation project. Mr. Stratton said that staff can attempt to expedite the project if this is the direction the Board wants to pursue, and also seek legal counsel to assist.

Mr. Schlegel asked how long the District has been held up by the County on the approval of its plans. Mr. Caito replied for approximately six weeks. He added that the County lost its project manager, and the delay has been approximately four weeks longer than normal even though the District complied with all the criteria and requests made by the County.

Mr. Schlegel suggested that Mr. Stratton and possibly Legal Counsel contact Pima County officials to ascertain why the time period for receiving information and approvals back on submitted plans exceeded the normal periods, and to share the District's concerns regarding a sense of urgency as the District will be completing the project independently from Pima County. Mr. Doyle agreed.

Mr. McNulty asked if the District had assurances it could lower its financial obligation by partnering with Pima County, would the District be willing to do this. Mr. Stratton said that money was certainly an issue, but there were other issues involved such as ensuring quality work and that the project is completed timely.

Mr. Stratton said he would contact Pima County and advise them the District will be constructing the La Cholla transmission main and water line relocation independent of Pima County.

J. Update of Metro-Hub Storage Design.

Mr. Stratton said the Metro-Hub residents were very receptive at the meeting held at Fruchthendler Elementary School on November 5, 2001 and shared their thoughts and comments

regarding the status of the Hub reservoir site expansion plans. The response from the residents was generally favorable, and John Kulakowski, Hub resident, said he wanted to compliment staff for an excellent job in the presentation and information provided at the meeting. Mr. Kulakowski said the information provided at the meeting would be published in their Homeowners Association newsletter.

Mr. Schlegel asked staff to contact other residents in the Hub reservoir area that are not in the Metro Water service district to notify them of the District's intentions for the storage design, and to solicit any suggestions they might have.

K. Update of 2-Way Communications System.

Mr. Hill provided the Board with information regarding the costs for the 2-Way Communications System and asked for Board approval, adding that the cost for individual items would be under \$10,000. The proposed 2-way communications system would replace the cellular communications system currently used by District staff.

Mr. Schlegel asked about zoning requirements for the tower. Mr. Stratton said there is none. He explained that staff had sent out a letter notifying residents of the installation of the tower and soliciting feedback; however, there have been no responses from the residents to date. Mr. Schlegel asked if the tower could be placed in another location, such as the top of a building, on a temporary basis until it could be constructed in its permanent location. Mr. Hill said this would be considered if there was the possibility the tower could not be permanently located in the near future.

Mr. Schlegel asked what the total cost for the project would be. Mr. Hill indicated the cost would be approximately \$60,000, with the only cost left to factor in being the cost for the actual radios. Mr. Hill said he is currently seeking bids for the radios. Mr. Schlegel asked if the radios will replace the cell phones currently used by staff. Mr. Stratton replied yes, and added that the cell phones currently used by the majority of staff are restricted to allow staff members to only contact other staff members, and they do not have the ability to dial phone numbers outside of other District staff.

Mr. Offret said he was unaware where the money for the 2-way communications system would come from but asked the Board to consider paying a portion of the cost for the tower out of the MPC funds. This would be the remaining funds in the MPC after the sound system for the Board room has been purchased. Mr. Stratton said the MPC monies were originally earmarked for the District Office and Herb Johnson Reservoir, which will be the location for the tower.

Mr. Offret made a motion to precede with the purchase of the DataCom materials not to exceed \$10,871 for the 2-way communications system. Ms. Wright seconded the motion. Motion was unanimous with the Board members present.

Mr. Schlegel asked that staff keep the Board apprised of any anticipated expenditures even

though they do not exceed the \$10,000 Board required amount. He explained the reason is that the total incurred expenditures can be tracked and planned for as they occur.

L. Legislative Issues.

1. District Legislation.

Mr. Stratton said that State Representative Steve Huffman was recommended as the primary sponsor for the legislation to increase Board compensation as well as changing Special District statutes for incurring expenses. Mr. Schlegel asked about a representative from the Senate. Mr. Tenney replied that the recommendation was to first have a representative from the House of Representatives, and later through the Senate. Mr. Tenney added that for a co-sponsor from Northern Arizona Jake Flake and Tom O'Halloran would be excellent choices.

2. Omnibus Bill.

Mr. Schlegel said he cannot support the Omnibus Bill due to the proposal to have State demonstration funds collected in one county to be used in another. He referred to an attached email which was received by Mr. Tenney from Tom Harbour of CAWCD and said it contained lies and misrepresentations. He believes CAP could attempt to take tax dollars out of Pima County for projects in other counties and believes this should be out of their hands and be dealt with as a tax issue. Mr. Schlegel added he believes this is illegal, and asked the Board members for approval to write a rebuttal letter to Mr. Harbour. Mr. Doyle and Ms. Wright encouraged Mr. Schlegel to do as he felt necessary. Mr. Schlegel asked Mr. Stratton to address the issues with SAWUA as well.

Mr. Tenney said that if Metro Water has issues or opposition to the Omnibus Bill, CAWCD is willing to change the draft language to apply specifically to Maricopa County. Mr. Schlegel believes transferring funds from any county would set precedence on spending tax dollars without voter's approval.

Mr. Stratton suggested the District contact SAWUA and gain a unified voice so that all of Southern Arizona would be represented and not just the District.

Mr. Tenney explained that staff has been addressing this matter from a water management perspective. He added CAWCD was trying to build a recharge project in the Phoenix AMA but was located across the eastern Maricopa County border in Pinal County. The proposal applies only to using State demonstration funds in the adjacent county if in the same AMA and hydrologically benefits the county from where the monies were collected. Mr. Schlegel said the taxpayers did not agree to this, and still believes this is setting a precedent for tax issues.

Mr. Offret said that he was uncomfortable with the District bringing this issue forward on its own, and added the Board should decide how it wants staff to proceed. Mr. Offret agreed with Mr. Stratton that in order to proceed with having the issue pulled from the Omnibus Bill, or the

language changed, there was a need to gain support from other organizations or agencies. Mr. Tenney said that staff would contact CAWCD to advise them of the District's concerns with the language in the Omnibus Bill. Mr. Stratton said staff would bring the Board's opposition to the language and concerns regarding the tax issues before SAWUA at its November 20, 2001 meeting. Mr. Schlegel agreed that he would support the consensus of the SAWUA membership regarding this matter.

3. Governor's Water Management Commission.

Mr. Stratton said the Governor's Water Management Commission was for the most part finished. Mr. Schlegel asked if any further information was available on the infrastructure/financing authority issues. Mr. Tenney said the final recommendation is that the commission supports the concept of infrastructure financing but due to lack of time to develop details, no legislation will be pursued in 2002. Mr. Myers commented that the interested parties would be proceeding next year on their own to address this issue after the Governor's Water Management Commission.

V. General Manager's Report

Mr. Stratton informed the Board that he would be on vacation November 15 through November 19, 2001.

VI. Legal Counsel's Report

Mr. McNulty provided the Board with a report regarding legal fees spent by the District since the District's inception. He added that the engagement letter between Brown & Bain and the District had not been updated since its original acceptance. Mr. McNulty asked the Board to consider a committee to review the legal fees which he pointed out had not been increased during the District's 9 ½ years of operation.

VII. Future Meeting Dates; Future Agenda Items


The next regular meeting of the Board will be December 10, 2001.

VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 9:47 p.m.



Peter H. Schlegel, Chair of the Board



Clerk of the Board