

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

September 10, 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
 Dan M. Offret, Member
 Jim Doyle, Member

Board Members Absent: Marlene Wright, Member

District Staff: Mark Stratton, General Manager
 Warren Tenney, Clerk of the Board
 Doug Lemke, 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 6:00 p.m. Pete Schlegel, Dennis Polley, Dan M. Offret and Jim Doyle were present. Marlene Wright was on vacation and not present.

II. General Comments From the Public

Mr. Schlegel called for comments from the public and there were none.

III. Consent Agenda

- A. Approval of Minutes – August 13, 2001 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Water Service Agreement for La Cholla Office Center, Lots 1-67.**
- D. Ratification of Mail Service Agreement.**

Mr. Schlegel asked that item D “Ratification of Mail Service Agreement” be moved from the Consent Agenda to General Business – Items for Discussion and Possible Action.

Mr. Schlegel asked that a correction be made on the August 13, 2001 minutes to clarify his statement to a customer that the Board may respond but not discuss or take action on any items not on the Agenda unless an emergency exists.

Mr. Offret made a motion to approve items A, B and C on the Consent Agenda. Mr. Polley seconded the motion and it passed unanimously.

Regarding item D, Mr. Schlegel said he was concerned about how bids are solicited for the District. Mr. Schlegel read the public notice staff posted in the Daily Territorial Newspaper soliciting bids for District mail service. Mr. Schlegel said District staff did not get enough proper notices out to ensure the District was receiving the lowest price available and was concerned that mail houses, including those in Phoenix, did not see the notice advertised in the Daily Territorial. He felt the notice did not give enough information about the District and information about the job. He noted that a friend had seen this item posted on the agenda and was upset because he had not known about the solicitation for bids and would have been interested. Mr. Schlegel recommended that in the future staff advertise in other newspapers, contact similar agencies to see whom they use for mail services, and contact individuals listed in the yellow pages.

Joyce Osborne, Administrative Services Manager, responded that previous notices placed in the Daily Territorial Newspaper had met with adequate responses. In addition to the public notice placed in the newspaper, staff contacted five firms by fax; four firms responded; however, only two firms placed bids.

Mr. Doyle moved to approve that Consolidated Mailing Services be selected to handle the District's mailing service needs for a period through June 30, 2002 with two years of automatic annual renewals without price changes pending satisfactory service. Mr. Polley seconded the motion. Motion passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

The Board did not have questions or comments regarding the monthly status report.

B. Financial Issues.

The Board did not have any questions regarding the financial issues. Mr. Land said he was in the process of getting the signature cards for Canyon Bank signed by all the Board members.

C. Approval of Liability and Comprehensive Insurance Proposal.

Mr. Doyle moved to approve the insurance proposal submitted by the Kemper Insurance Companies through the Mahoney Group at a premium cost of \$70,494 based on raising the

deductible amount to \$1,000 per claim. He also moved for the District to have the option to continue utilizing the services of the Mahoney Group for two additional years contingent upon annual board approval. Mr. Offret seconded the motion and it passed unanimously.

D. Discussion of Automated Customer Contact via Telephone System.

Mr. Polley said that from the staff report he did not believe the technology exists to enable the District to send messages to customers, given the amount of time it would take the system to notify the number of customers the District serves. He added he does not believe the systems mentioned in the report would serve District needs at this time.

Mr. Schlegel stood and asked to address the Board directly about using an automated telephone system and referred to a map from the middle of the room of precincts in the Northwest. He said staff had taken the wrong approach and wanted to explain the concept he had in mind for an Automated Telephone System. Mr. Schlegel said he was looking for a tool to notify District customers about emergencies such as the loss of service or contaminated water. This new tool could also be used for public relations/conservation. Mr. Schlegel said that this did not mean purchasing equipment as he too believes it is costly and the equipment available would not be adequate for District purposes. Mr. Schlegel said there is a concept currently available which could reach 1500 customers in approximately five minutes at 16 cents a call and it would only take one staff member approximately fifteen seconds to call the 800 number and record the message. The message would then be sent automatically to all affected customers. Mr. Schlegel said there was a local data base already divided into precincts which would enable the District to overlay its distribution system and simply allow notification to only those customers affected.

Mr. Offret asked Mr. Schlegel if the software already exists and if this is a service the District could subscribe too. Mr. Schlegel responded saying this system is currently being used in politics. It could be set up to include all areas/precincts of the District. The idea and tool is currently being used in other arenas as well. Mr. Schlegel said there would be minimal financial commitment on the part of the District. He was unsure as to the actual amount that would need to be spent to connect to the data base in California, and the cost of a programming consultant. Mr. Schlegel said updates could easily be made monthly to remove or add customers. He added that the system could also be used to notify customers via telephone of monthly water conservation tips. The system would save the District in postage costs, and he believes District customers would be more receptive to helpful telephone calls as opposed to junk mail. Mr. Schlegel said he was hoping the Board would agree to pursue such a concept.

Mr. Offret said it appeared that a lot of research down the wrong road had been done and that perhaps the District should get more detailed information. He noted staff's report said three companies were contacted for system and pricing information. Two of the companies responded, one did not. Mr. Land began to explain that staff had spent six weeks to get information from the company representative with whom Mr. Schlegel had spoken. Mr. Schlegel responded that he took offense that staff drew out in the report that they could not get information from the company's representative. Mr. Schlegel said the representative did not

understand what the District was actually looking for, and he felt staff did not give this representative enough detailed information regarding the system. Mr. Schlegel also stated whenever he called he got instant responses, therefore he felt staff did not make enough attempts to contact him or be more specific in their requests. Mr. Schlegel said there were other firms who also have the phone system. He hoped the Board will continue to work on securing a telephone system as he believes it is an important tool.

Mr. Offret said the idea of a telephone system is a good suggestion and the District should continue to explore available systems. Mr. Offret asked how many sections/precincts the District could be divided into as it would be more effective if there could be more than two or three. Mr. Stratton agreed saying there are some strong benefits to having an emergency notification telephone system and staff are available to get additional information and pursue the issue further. He indicated that updating the data base monthly would need to be straightforward in order for staff to maintain it effectively. Mr. Schlegel replied that updates could be done easily by Email. Mr. Schlegel said in the program there are fields available where numerous precincts could be created within the District. He pointed out that he was trying to ascertain if there was interest from the Board, and if so, the District could develop their own system. He also said that if a system were developed by the District using the precinct concept, it could be easily rolled out across the country.

Mr. Offret asked about the local organization which Mr. Schlegel referred to previously that currently has this type of system. Mr. Schlegel responded that no one has ever done this type of system and that it was his idea. Mr. Schlegel said Yuma is using a similar system they obtained from the military. He added that schools as well as utilities could benefit from the system, and believed if the District were to develop the telephone system it could be marketed regionally. He noted that once additional information is gathered and assembled, the issue of an automated telephone system would be brought back to the Board.

E. Status on Cobo Catalina, Lot 39.

Mr. Offret said it is in the best interest of the District to keep Lot 39 in Cobo Catalina but suggested that the Northeast Reservoir and Lot 39 be discussed further.

Mr. Stratton agreed and said Lot 39 had the potential to serve a large area for a Northeast Reservoir. He added that some of the unknowns are that Tucson Water wants to get rid of the section at Magee/Oracle up to the First Avenue alignment. If the District does not keep this site, it may be able to locate property at a slightly lower elevation. Mr. Stratton said the future of the Magee/Oracle area is still questionable. He added that the site is not costing the District money at this time; therefore, it would be in the District's best interest to hold on to the site until such time as it is more clear what will happen in this area.

Mr. Schlegel also agreed that Lot 39 could play an important role for the District.

Mr. Stratton clarified the understanding that Mr. Offret wanted to discuss this item further at a future study session and suggested waiting for a couple of months to see what Tucson Water would be doing in the interim as well as design work. Mr. Offret agreed.

F. Approval of 2001-2002 Contract for Natural Gas Engine Annual Service.

Mr. Offret moved to award Arizona Generator Technology, Inc., the Natural Gas Engine Service contract for the Fiscal Year 2001-2002. Mr. Polley seconded the motion and it passed unanimously.

G. O&M Agreement on South Shannon with ADEQ.

Charlie Maish, District Engineer, began the discussion by saying the District's annual cost is approximately \$23,000 for operation and maintenance of the treatment system at South Shannon. Mr. Stratton said attempts to get the capital cost associated with the facility paid have been futile to date. He added the District was proactive in ensuring the contaminants did not exceed the maximum contaminant level (MCL).

Mr. Offret moved to approve the Interim Remedial Action Contract at the South Shannon Facility between the Arizona Department of Environmental Quality and the Metropolitan Domestic Water Improvement District subject to final signature by the Arizona Department of Environmental Quality. Mr. Polley seconded the motion. Motion passed unanimously.

H. Discussion of ADWR Permits for Effluent Utilization.

Mr. Stratton noted that the District's effort to use its effluent is not a simple issue and politics make it difficult. The District has an agreement with Tucson Water which gives the District its share of the effluent water from its service area. The Town of Marana has jurisdictional control over the portion of the Santa Cruz River where the District would like to recharge. A facility permit is needed for storage and anyone can store in that facility with the approval of the facility permit holder.

Mark Myers, Consultant, explained that a recovery well for storage of groundwater cannot be done within another jurisdictional boundary unless there is a service area within those boundaries. The City of Tucson holds 4 million acre feet in groundwater credits which they cannot get within their own service area. There is a concern that Tucson Water may want to pump more than just the credits they have stored there. Marana believes anyone storing water within Marana should have the opportunity to recover their share of the water at a reasonable cost. They have been working on a policy to enforce this belief. Mr. Myers said that Marana is in the position to offer several key items. The water scale capacity is in place, and there is also the potential for the use of Hoover power which would hold down the costs for all parties.

Mr. Stratton reported the District has been working with Marana on a recharge storage permit agreement and the relationships have been very solid. Mr. Schlegel said he believes there will be

hidden costs if Tucson Water gets control of the storage permit. Mr. Stratton noted that an agreement would be for storage and not recovery. Mr. Stratton said if Marana is the permit holder, the District could offer the data the District has already acquired to Marana, and the District would be the operator of the facility. Mr. Schlegel urged Mr. Stratton not to hesitate to call a special meeting if an important matter arises.

The Board agreed with Mr. Stratton to allow staff to continue to work with the Town of Marana on a permit application for managed recharge in the Lower Santa Cruz River, as well as an intergovernmental agreement in respect to storage in their facility and future recovery options. Mr. Stratton also said he would work with Mike Hein to secure a Memorandum of Understanding outlining the details for an Intergovernmental Agreement.

I. Legislative Issues for 2002.

Mr. Tenney said there does not appear to be opposition from the other Domestic Water Improvement Districts (DWIDs) with the District proceeding with legislation to increase the Board compensation. The reason for bringing the compensation issue to the Board was to seek direction on the legislative approach and to fine tune the language.

Mr. Offret inquired if the DWIDs were interested in changing statutes on the petition to incur expenses. Mr. Hill said the DWIDs were establishing committees to address this and other issues and draft language changes.

Mr. Stratton gave examples of the compensation amounts other boards receive and added that if the District seeks a legislative change, then at least get to the level of what the other Irrigation District's receive. Mr. Stratton suggested pursuing language changes for a DWID with a population greater than 10,000 so that smaller DWIDs are not subject to the same amounts as larger Districts. He mentioned that another option lends support to reimburse Board members for incurred expenses.

Mr. Schlegel stated concerns that the proposed alternative language indicates restrictions on per day expenses and may not cover the actual expenses incurred by Board members. He cited examples of meal and lodging costs exceeding the suggested \$100 per day depending upon where the conference/meetings are held and indicated that costs could reach as much as \$1,000 per day. Mr. Schlegel also gave an example that a Board member, extending a gesture of gratitude by arranging a golf game for the day, could incur costs near \$1,000. He does not want the Board to be in a position where members are not fully reimbursed for expenses incurred.

Mr. Offret offered that guidelines for per diem for meals and lodging have been established by the Federal Government wherein daily allowances are fixed and vary from city and state and suggested following those guidelines. Mr. Stratton said that District staff currently use those guidelines.

Mr. Tenney asked which alternative the Board preferred pursuing. Mr. Schlegel asked if staff wanted to do more research on the proposals. Mr. Offret said that he believed alternative "A" would be adequate and added that if a Board member were to go out of town for District business it would have to be approved by the Board and would be reimbursed. Mr. Schlegel said he wanted to make sure the new law was not written in a way that would not ensure reimbursement of expenses by Board members.

Mr. Stratton inquired as to reimbursement to board members of the Northwest Fire District. Mr. Doyle advised that members receive reimbursement for expenses incurred while out of town for Fire District business; however, Mr. Doyle has personally declined reimbursement.

Mr. Stratton advised that staff could gather more information for discussion at the next study session. He added that staff would proceed with the Petition to Incur Expenses and the District would take the lead on the legislative issues relating to compensation for Board members.

J. Status of Governor's Water Management Commission.

Mr. Stratton said that Mr. Tenney provided the Board with a written update from the last meeting of the Governor's Water Management Commission prior to the beginning of this Board meeting. He expressed concerns that after the last Commission meeting municipal providers in the Tucson and Phoenix AMA will be bearing the brunt of meeting Arizona's water management goals.

V. General Manager's Report

Mr. Stratton thanked staff for their efforts which yielded excellent ADEQ inspection results of the District's well sites. Mr. Stratton is to attend a management training seminar the week of September 17, 2001. The WESTCAS conference will be the end of October at the Westward Look Resort and Board members are invited to attend. There is a Tri-State conference in Laughlin the last week of September which a number of District staff will attend. Mr. Doyle has attended this conference in previous years and recommended the conference to the other Board members. The Board meetings for October and November will be held on Wednesdays, October 10 and November 14, due to the holidays. Staff is continuing to work on developing a policy on professional development and will be prepared to present a report to the Board at the next study session. Mr. Stratton said information on the sound system will also be made available at the next study session.

Mr. Doyle asked how many of the well sites were visited by ADEQ. Mr. Dean replied that all of the District's well sites had been visited. Mr. Doyle also asked if Board members were expected to visit and check the well sites. Mr. Schlegel said that he visits the well sites between meetings to bring forth any problems or issues of significance. Mr. Schlegel said he was looking for items ADEQ is not interested in but that the District should be.

VI. Legal Counsel's Report

Legal Counsel did not have anything to report.

VII. Future Meeting Dates; Future Agenda Items

A study session for the Board is scheduled for 5:30 p.m. on Monday, October 1, 2001.

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

Mr. Schlegel asked that an item to be considered for discussion at a future Board meeting was a rebate of \$50 for hot water circulators. Staff was asked to prepare information for Board presentation.

Mr. Schlegel said the number of new meters being installed has declined indicating the District is no longer growing. He asked that staff work on some ideas to stimulate growth for the District. Mr. Stratton said staff will have information available at the October 1, 2001 study session.


VIII. Adjournment

Mr. Schlegel thanked Gary Greenberg and staff for a good job on the District's newsletter.

Meeting adjourned at 7:55 p.m.



Peter H. Schlegel, Chair of the Board



Clerk of the Board