

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

**September 13, 1999**

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

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

**MINUTES**

Board Members Present:            Sam Ray, Chair  
   Marlene Wright, Vice-Chair  
   Jim Doyle, Member  
   Dennis Polley, Member  
   Pete Schlegel, Member

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

**Call to Order and Roll Call**

Sam Ray, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board meeting to order at 5:04 p.m. Dennis Polley, Pete Schlegel and Marlene Wright were present. Jim Doyle did not arrive until 5:12 p.m.

**Executive Session**

Mr. Schlegel made the motion that the Board of Directors move to Executive Session. Ms. Wright seconded the motion and it passed unanimously. The Board went into Executive Session at 5:05 p.m.

Executive Session pursuant A.R.S. § 38-431.03 (A)(3) (consultation for legal advice with the attorney or attorneys of the District) and/or executive session pursuant to A.R.S. § 38-431.03 (A)(4), (to consider the Board's position and instruct its attorneys in pending or contemplated negotiations or litigation) regarding the following:

- A.     Completion Delay of Martin C. Lang General Contractor, Inc., Contract for the New District Office and Maintenance Buildings.
- B.     Notice of Claim by NAC Construction on the Camino Del Fierro 24-inch Water Transmission Main Project.
- C.     Notice of Claim by Deed & Note Traders related to Landlord Liability for Tenant's Water Bill.

The Board returned from Executive Session at 6:01 p.m.

## **Regular Session**

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

Sam Ray, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District) called the Board meeting to order at 6:04 p.m. Jim Doyle, Dennis Polley, Pete Schlegel and Marlene Wright were present.

### **II. General Comments From the Public**

Mr. Ray reminded the audience that the Board could only hear comments from the audience and that no action would be taken at this time.

Jim Kaiser, representative from Bashas shopping center stated that during the month of July they had the misfortune of finding a broken water line in the retention basin. This was not noticed at first because the heavy monsoon rains during the month added to the water level in the retention basin. Mr. Kaiser added that it was suggested to him to address the Board regarding this matter.

Bill Quirk, a District customer, told the Board that he was away from his residence for 79 days and he still had to pay full price for his water even though it was not used. For June he received a bill for 400 gallons and in July zero gallons were used. He felt it was not fair to be charged full price when a customer was away from his residence for so long. Mr. Ray asked if the water was turned off at the meter. Mr. Quirk indicated that it was not turned off at the meter. Mr. Ray indicated that the water must have gone through the meter. Mr. Quirk asked if the water went through the meter during the first month, why did it not do so during the second month. He reiterated it was not fair to pay full price when he was not there. Ms. Wright inquired if the District had a vacation rate. Mark Stratton, General Manager, answered that the District did not. Mike Land, Chief Financial Officer, stated that residential customers were billed the base rate of \$10.63. Mr. Ray asked about the service charges for turning off and on meters. Mr. Land replied that it was a \$25.00 charge to turn the meter off and a \$15.00 charge to turn the meter on.

Julianne Jepson, District customer, said that she had written several letters to Mr. Land and Mr. Ray concerning her residence. She stated that they had the water turned on in March and did not move in until two months later. She indicated that the first month they were billed for 9,000 gallons, the next month 11,000 gallons, then it surged to 40,000 gallons and on to 88,000 gallons, the last month it was back down to 14,000. Ms. Jepson said she had tried writing letters for a resolution as she is very concerned about water usage. She stated that the \$100.00 allowance is unacceptable since an obvious leak wouldn't have "self-fixed". She asked why no representative from the District contacted them when they saw a water surge. Ms. Wright asked if there was no one living at the residence for the two months they were billed for 9,000 gallons and 11,000 gallons. Ms. Jepson responded that no one lived there. She said that someone did check her meter last week and found no water flowing through the meter and she is concerned with meter

misreads. Mr. Ray asked if there was any construction in her neighborhood. Ms. Jepson affirmed that there was a neighbor constructing a wall during that time. Ms. Wright asked if they had contacted the contractor concerning a possible line break. Vernon Reimer, District customer, stated that the water line ran parallel to the wall but they were 280 feet apart, he also had an independent plumbing contractor check for water leaks and none were found. He said they might need a new water meter as they could not have possibly used all that water.

Charles Sayre, District customer, told the Board he was billed for 44,000 gallons in May, and for the next two months for 108,400 gallons. In June when he was gone for 27 days, and did have a responsible person watching his property. He stated that if District policy was to make adjustments for billing cycles longer than 30 days, it had not happened for him. His \$100 adjustment included both a 35-day billing cycle and a 27-day billing cycle in one lump sum. He suggested that someone come to visit him and look at his meter. Mr. Ray asked how old his house was. Mrs. Sayre responded that the meter was two years old. Mr. Sayre stated that they have the highest water bill in their neighborhood. Ms. Wright asked if anyone came to check out the meter. Mr. Sayre replied that no one has come to inspect the meter.

### **III. Consent Agenda**

- A. Approval of Minutes – August 9, 1999 Board Meeting.**
- B. Approval of Minutes – August 18, 1999 Special Board Meeting.**
- C. Ratification of Billing Adjustments.**
- D. Approval of Water Service Agreement – Bridge at Mountain View.**

Ms. Wright made a motion to approve the Consent Agenda and Mr. Polley seconded the motion. The motion passed with Mr. Doyle, Mr. Polley, Ms. Wright and Mr. Ray approving and Mr. Schlegel abstaining.

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

- A. Completion Delay of Martin C. Lang General Contractor, Inc., Contract for the New District Office and Maintenance Buildings.**

Ms. Wright made a motion to direct Legal Counsel and the General Manager to initiate mediation proceedings to resolve this issue. Mr. Polley seconded the motion and it passed unanimously.

- B. Notice of Claim by NAC Construction on the Camino Del Fierro 24-inch Water Transmission Main Project.**

Mr. Schlegel made a motion to instruct staff to proceed as recommended in the Executive Session. Mr. Polley seconded the motion and it passed unanimously.

- C. Notice of Claim by Deed & Note Traders Related to Landlord Liability for Tenant's Water Bill.**

Mr. Schlegel made a motion to instruct staff to proceed as recommended in the Executive Session. Mr. Polley seconded the motion and it passed unanimously.

**D. Financial Report.**

Mr. Land reported that the firm of Cotton, Parker & Johnson are proceeding with the annual audit and it should be completed next week so it can be presented to the Board and ready for publication by the end of September or early October. He advised that no budget summary report was distributed, but sales for August were \$663,000 which is \$68,000 less than last August, which is a drop of 1.9% in revenue. Mr. Schlegel suggested that it would be helpful to compare revenues if the numbers were the same as last year, i.e., District without Hub service area, etc.

**E. Extension of Liability Insurance Coverage.**

Mr. Stratton explained the District currently has an annual contract for liability insurance with The Mahoney Group with possible extensions based on their performance and possible service for up to three years. This would be the first extension requested by The Mahoney Group and staff feels that their quality of service to date has been exceptional and that they continue to look for ways to reduce the District's insurance costs. The working relationship between Mahoney and the District is quite good.

Mr. Land added that this year's premium went up \$4,734, but is quite low considering new vehicles, the new office complex and the liability of the Hub acquisition have been added. He further stated that two stipulations to the insurance contract provide that no cost is added for any vehicles acquired during the year and the General Liability and Umbrella Premiums are not subject to audit.

Mr. Schlegel made a motion to approve the first year extension for the Mahoney Group to provide the umbrella liability insurance coverage on the District property, plant and equipment. Mr. Polley seconded the motion.

Ms. Wright expressed her concern that the staff report indicated only one bid was received for insurance. She feels that the District should make a greater effort to obtain more than one bid when seeking cost proposals. Mr. Stratton responded that this was actually a contract with the Mahoney Group and it is their responsibility to seek out the lowest cost since they act as the insurance carrier who determines the best rates as provided for in their contract. Mr. Land said that last year when the District did put the insurance coverage out for bid, the Mahoney Group was the only proposal received. However, they did present five quotes from five other insurance carriers, they were acting as an agency. Mr. Schlegel added only one broker would insure pressure tanks. Mr. Ray stated the only choice the District would have would be to split our pressure tank requirements separately from the rest of our insurance requirements thereby having two different policies with two different carriers.

Mr. Ray called for a vote on the motion to approve the first year extension for the Mahoney Group to provide the umbrella liability insurance coverage on District property, plant and equipment. The motion passed unanimously.

**F. Property and Easements Acquisitions for the La Cholla Boulevard Transmission Main Projects (Phases I and II).**

Mr. Polley made a motion to approve the purchase agreements for the acquisition of 5,000 square feet of vacant land adjacent to and northwest of the Magee/La Cholla Storage Facility and Booster for the amount of \$11,000, plus closing costs and for the purchase of permanent water and temporary construction easements for the amount of \$11,630 and to direct the General Manager to proceed with finalizing these purchase agreements. Mr. Schlegel seconded the motion and it passed unanimously.

**G. Consideration to Purchase Valve Insertion Equipment for 12-inch Pipe.**

Ms. Wright made a motion to approve the purchase of an adapter kit and an inserting valve in order to accomplish live pressure valve insertions on 12-inch water lines in the District for a price of \$15,610 to come from the contingency fund. Mr. Polley seconded the motion.

Mr. Schlegel asked if this items should be postponed in order to investigate if other providers wanted to help jointly purchase the equipment. Mr. Stratton advised that the valve is needed for auxiliary projects at Bell Well to proceed. Mr. Schlegel stated that if the District did purchase this equipment, perhaps it could be rented out to other water providers for a fee. Mr. Ray indicated he supported exploring this idea. Mr. Stratton told the Board that an extensive search throughout the state revealed that no other water providers have 12-inch adapters. The price comparison to rent this equipment versus buying it showed that after using it twice, the District would recoup its cost. Mr. Stratton further advised that the area utilizing the 12-inch lines includes from DeConcini to Westward Look and any water line repairs would encompass the Oracle/Ina Road area. Staff felt it would be better to spend money for this equipment and keep this area with water service than to run the risk of having this area out of water and leaving a negative impression with water customers in this area.

Mr. Ray called for a vote on the motion to approve the purchase of an adapter kit and an inserting valve for 12-inch water lines in the District for a price of \$15,610 to come from the contingency fund. The motion passed unanimously.

**H. Approval to Purchase Trailer Mounted Vacuum Unit.**

Mr. Polley made a motion to approve the purchase of a 350 gallon, trailer-mounted vacuum unit from Pacific Tec for the total bid price of \$26,765. Mr. Schlegel seconded the motion. Mr. Ray inquired if there were enough funds in the budget to cover this purchase. Mr. Land replied that the balance would come from the supplies and utility budgets. Mr. Ray called for a vote on this motion and it passed unanimously.



**I. Renewal of Incentive Recharge Water Contract between Metropolitan Domestic Water Improvement and the Central Arizona Water Conservation District.**

Mr. Schlegel moved to approve the Incentive Recharge Water Contract between the Metropolitan Domestic Water Improvement District and the Central Arizona Water Conservation District and that the contract be in effect until December 31, 2000, unless amended in writing by the District and the CAWCD. Mr. Doyle seconded the motion and it passed unanimously.

**J. Approval of Amendment No. 1 to the Miscellaneous Hydrogeological Services III Contract with Groundwater Resources Consultants, Inc.**

Mr. Ray asked if this was the firm that did the water testing for the District. Mr. Stratton replied that this firm provided hydrogeological services.

Mr. Doyle made a motion to approve Amendment No. 1 to the Miscellaneous Hydrogeological Services III Contract with Groundwater Resources Consultant, Inc., which increases the contract to a not-to-exceed amount of \$45,000. Ms. Wright seconded the motion. Ms. Wright asked why the District needed samples taken if they were considered unnecessary. Mike Block, District Hydrologist, explained that the Arizona Department of Environmental Quality (ADEQ) needs the samples to find out if there are pollution sources near wells. If the sources are not near the wells, then the District does not have to take sample collections. The samples are needed for documentation for ADEQ, and the focus is mainly on herbicides and pesticides. Mr. Ray stated that it is the District's advantage to eliminate testing for contaminants if they are not even found in the area.

Mr. Ray called for a vote on the motion to approve Amendment No. 1 to the Miscellaneous Hydrogeological Services Contract and the motion passed unanimously.

**K. Approval of District Lobbyist for 2000 Legislative Session.**

Ms. Wright made a motion to approve the hiring of Gallagher & Kennedy as the District's lobbyist for the 2000 Arizona Legislative Session. Mr. Polley seconded the motion.

Mr. Schlegel asked to be removed from voting due to a possible conflict of interest.

Mr. Ray stated that the amount of the contract was not listed in the information provided. Mr. Stratton responded that the contract would be for \$2,000 per month and would only last for the length of the legislative session, which is usually about 5 months.

Mr. Ray called for a vote on the motion to approve the hiring of Gallagher & Kennedy as the District's lobbyist. The motion passed unanimously, with Mr. Schlegel abstaining from the vote.

**L. Board Member Committees.**

Mr. Stratton stated that during the August 18, 1998 study session, Board members asked that this item be placed on the agenda for consideration for the purpose of restructuring longstanding board committees. The purpose is to make the committees more structurally available and to be more interactive with staff regarding issues and concerns of the District.

Mr. Doyle made a motion to approve the standing Board Member Committees as outlined in the September 13, 1999 staff report. Mr. Polley seconded the motion.

Mr. Ray stated that the reason for formal action was because it was brought to his attention that the existing committees were not formally standing committees.

Mr. Ray called for a vote on the motion to approve standing Board Member Committees. The motion passed unanimously.

**M. Performance Appraisal for the General Manager.**

Mr. Stratton said this item is being requested to postpone the performance appraisal of the General Manager until April 2000, the same time set for his contract renewal (and have both of these events coincide). The postponement will give the newer Board members the opportunity to work longer with him and gauge his performance prior to an appraisal and contract renewal.

Mr. Doyle made a motion that the performance appraisal for the General Manager be coordinated with the development and possible approval of the General Manager's contract in April 2000. Ms. Wright seconded the motion and it passed unanimously.

**V. General Manager's Report**

Mr. Stratton told the Board that he included a number of attachments from Chuck Huckelberry, Pima County Administrator, regarding the County's recent survey on water. He noted it did provide interesting perspectives of water issues.

Mr. Stratton stated that Rusty Carstens accepted the nomination for the Bond Oversight Committee. The next Committee meeting is set for September 27, 1999 at 4:15 p.m.

Mr. Stratton indicated that the Consumer Confidence Report on the Hub service area is at the printers and will be distributed soon, well before the October 19, 1999 due date.

Mr. Stratton invited the Board members to attend a seminar sponsored by Water CASA in which the District is participating, entitled Conserve This!

Mr. Stratton said that the Incentives Committee has been established with Steve Shepard from the Utility Division; Mike Block from the Engineering Division; and Kim McClure from the Administrative Division participating. Warren Tenney will work with them to provide information on where to obtain information. Mr. Stratton emphasized that the goal would be to provide the committee with information, have them do the work and they would contact the

Board Committee and present a package of alternatives and options. It is anticipated that the committee would contact the Board Member Committee for their involvement in a couple of months.

Mr. Stratton informed the Board that staff is finalizing all the paperwork for annexation of the Riverside Crossing development into District boundaries even though there have been some issues that have prolonged getting it to the Board for its approval. Mr. Stratton indicated he was advised, as of the last legal opinion, that the Board of Directors does have the right to annex properties into the District.

Mr. Ray inquired if there has been any movement by anyone in the Hub service area for annexation into the District. Mr. Stratton replied that there has been some discussion with homeowners. Mr. Ray asked if District staff could assist in annexation procedures. Mr. Stratton responded that the District can provide assistance, but the homeowners would need to take the lead on formally organizing the annexation effort. Ms. Wright asked if there could be an organizational meeting regarding the annexation process and the need for homeowners to be proactive. Mr. Schlegel inquired if a white paper on annexation could be included in the billing advertising and invite customers to a community meeting. Mr. Stratton said staff would work on putting together such a meeting.

Mr. Stratton stated he had received a letter from Mr. Huckelberry, Pima County Administrator, encouraging the District to become more vocal in the proper utilization of renewable resources and asking the governing board to take any action necessary to protect natural resources as necessary. Mr. Stratton stated that even though the District does not provide effluent to turf, the District is still impacted by major users within its boundaries who utilize potable groundwater for turf irrigation. Mr. Schlegel requested that Mr. Huckelberry provide the Board with more information on the County's effluent plans. Mr. Stratton indicated that if the Board requested a study session, he would contact Mr. Huckelberry to have a representative available to discuss effluent issues with the Board.

Mr. Stratton said that he had participated in a half-hour televised discussion with Sandy Rathbun, KVOA-TV; Marie Pearthree, Tucson Water; and Alan Forrest, Community Water Company of Green Valley regarding radon and arsenic issues. He further stated that staff had videotaped a presentation to the Tucson City Council by various experts who discussed radon and arsenic and that tape is available for any Board members who wished to view it.

## **VI. Legal Counsel's Report**

Mr. Higdon stated he had nothing to discuss.

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

The next scheduled regular Board meeting is October 13, 1999. The Board decided to schedule a study session September 27, 1999 at 5:30 p.m.



Mr. Ray stated that the agenda items would include effluent issues and meter replacement. Mr. Stratton asked if anyone else requested agenda items to please let him know so he could try and get it scheduled. Mr. Ray stated he would like to request a report on the status of procurement policy and when it might be completed.

**VIII. Adjournment**

The meeting was adjourned at 7:24 p.m.

  
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Clerk of the Board

  
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Sam E. Ray, Chair of the Board