

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

September 8, 1997
Wilson Room
Tohono Chul Park
7366 North Paseo del Norte
Tucson, Arizona 85704

MINUTES

Board Members Present:	Marty Cramer, Chair Jim Doyle, Vice-Chair Herb Johnson, Member Sam Ray, Member Jim Tripp, Member
District Staff:	Mark Stratton, General Manager Michael McNulty, Legal Counsel Warren Tenney, Clerk of the Board

Call To Order and Roll Call

Ms. Cramer, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 5:09 p.m. Mr. Sam Ray, Mr. Herb Johnson, Mr. Jim Doyle and Mr. Jim Tripp were present.

Executive Session

Mr. Tripp made the motion for the Board of Directors to go into Executive Session. Mr. Johnson seconded the motion and it passed unanimously. The Board went into Executive Session at 5:10 p.m.

Executive Session pursuant A.R.S. § 388-431.03 (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. Litigation with the City of Tucson.
- B. Northwest Replenishment Program.

The Board returned from Executive Session at 6:03 p.m.

Regular Session

I. Call to Order and Roll Call

Ms. Cramer, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 6:13 p.m. Mr. Sam Ray, Mr. Herb Johnson, Mr. Jim Tripp and Mr. Jim Doyle were present.

II. Comments From the Public

There were no comments from the public. Twelve people were in the audience.

III. Consent Agenda

- A. **Approval of Minutes – August 11, 1997 Board Meeting.**
- B. **Ratification of Billing Adjustments.**
- C. **Ratification of Data West Contract.**

Mr. Tripp made the motion to approve the Consent Agenda. Mr. Ray seconded the motion.

Mr. Ray asked for an explanation of the billing adjustment for \$347.73. Mr. Ray said it was hard to believe that a toilet could be broken that long with an approximate water usage of 120,000 gallons. People need to take responsibility for their water usage. Ms. Sheila Willis, Controller for the District, said that the leak had been ongoing for two months in a vacant home and that the property management company did not find it until the second month. She stated that the standing policy as set by the Board is when a documented leak occurs to compare it to previous water bills and split the difference between them, with the District paying half and the customer paying half. Mr. Ray said that the policy should be reviewed.

Ms. Cramer called for a vote for the motion regarding approval of the consent agenda. The motion passed unanimously.

III. General Business – Items for Discussion and Possible Action

- A. **Litigation with the City of Tucson.**

There was no discussion of this item.

- B. **Financial Report.**

Mr. Mark Stratton, General Manager, explained that Mr. Mike Land, Chief Financial Officer, was out of town. The financial report outlined the financial status of the District.

C. Establish Revolving Line of Credit.

Mr. Tripp made a motion to solicit a \$2 million line of credit with both Bank of America and then compare it with the Arizona Bank line of credit before committing to either proposal. Mr. Johnson seconded the motion and it passed unanimously.

D. Approval of Liability Insurance Coverage with The Mahoney Group.

Mr. Tripp made a motion to approve the extension of the District's property/casualty insurance coverage with The Mahoney Group for a one year period from October 1, 1997 through September 30, 1998, with an option for the final one year extension if rates and service continue to be favorable for the District. Mr. Ray seconded the motion.

Mr. Stratton noted that the original policy with the Mahoney Group included one year coverage with three one year options to extend the coverage.

Ms. Cramer called for a vote for the motion to extend the District's insurance coverage. The motion passed unanimously.

E. Status of New Office and Maintenance Buildings and Selection of Exterior Façade Scheme.

Mr. Tripp made a motion to select as the exterior office design a combination of Scheme #2 and Scheme #3. Mr. Ray seconded the motion.

Ms. Cramer asked if Scheme #2 and Scheme #3 could be combined to reduce cost and still make the building attractive. Mr. Terry Armstrong, Architect, explained that Scheme #2 had a more dramatic entrance and was \$5,000 more than Scheme #1. Scheme #3 is \$40,000 more than Scheme #1. A combination of the two schemes would keep the stucco fascia of Scheme #2, use stucco walls over the front conference room, and use masonry for the other exterior walls.

Mr. Ray asked what the additional cost would be for combining Scheme #2 and #3. Mr. Armstrong said it would probably be about \$20,000. Mr. Ray asked which design offered the lowest maintenance. Mr. Armstrong said that masonry is almost maintenance free and stucco would need maintenance. For graffiti, the masonry could have a clear seal applied and then sandblasted if graffiti occurred. Stucco should not be sandblasted too often and would need to be repainted. Mr. Ray asked why the masonry walls would not extend to the roof. Mr. Armstrong said that with the combination of materials, the stucco fascia would be used to cover the roof structure.

Mr. Tripp asked if the building had to be the color shown on the rendering. Mr. Armstrong said he tried to match the color with the surrounding homes of an earlier proposed site for the office, but with a new site secured, a lighter color would be used.

Ms. Cramer said that the combining Schemes #2 and #3 did not give the building a unified appearance. She asked what was the estimated cost for maintenance. Mr. Armstrong said the cost would be \$3,000 to \$5,000 every five to ten years.

Mr. Johnson asked if small windows or large windows would be used. Mr. Armstrong and Mr. Stratton said small windows would be used for all the designs to better maintain interior temperature.

Ms. Cramer said that the saved maintenance cost from using masonry or a combination may not be recovered for thirty years and the additional cost may not be recovered through the maintenance cost. She said she preferred Scheme #2, which is better than Scheme #1 and could be repainted.

Ms. Cramer called for a vote for the motion to select a combination of Schemes #2 and #3 for the exterior of the office building. The motion did not pass with Ms. Cramer, Mr. Doyle and Mr. Ray opposing it, Mr. Tripp favoring it, and Mr. Johnson not voting.

Mr. Ray made the motion to select Scheme #2 as the exterior façade for the new office building. Mr. Doyle seconded the motion.

Mr. Doyle asked about the structural soundness. Mr. Armstrong said it would be steel frame with stucco. None of the exterior schemes change the structural stability of the building.

Ms. Cramer called for a vote for the motion to select Scheme #2 for the exterior façade of the office building. The motion passed with Ms. Cramer, Mr. Doyle and Mr. Ray voting in favor of the motion, Mr. Tripp opposing it, and Mr. Johnson not voting.

Mr. Johnson said he would like to see the building stay distinct with the center section using Scheme #2 and the other walls done with masonry except for where expansion could later occur. Mr. Tripp noted that the knock out walls were already included in the building plan.

Mr. Stratton asked Mr. Armstrong to show the site plan for the office building. Mr. Armstrong showed a drawing of the office site plan that specified flood zone areas, asphalt areas, parking spaces and stormwater retention. Sixty-seven parking spaces are planned with 2" asphalt where heavy truck activity will occur. Mr. Armstrong said the District has the option to use gravel in other areas. The cost of asphalt is estimated at \$15 per square feet. Mr. Ray recommended that as much gravel be used as possible to reduce the heat and increase percolation. Mr. Armstrong said that in the area where the office building is there is a natural stormwater retention, though a small berm is needed on the east side of the site.

F. Approval of Amendment No. 2 to the Professional Services Agreement with Cella Barr Associates.

Mr. Tripp made the motion to approve Amendment #2 to the Professional Service Agreement with Cella Barr Associates in an amount not to exceed \$12,820 and to establish October 30, 1997 as the new termination date. Mr. Johnson seconded the motion and it passed unanimously.

G. Approval of change Order No. 3 to the Contract with the Ashton Company, Inc. for Linda Vista "A" Zone Reservoir and "C" Zone Booster Station.

Mr. Tripp made the motion to approve Change Order #3 to the Ashton Company contract for Linda Vista "A" Zone Reservoir and "C" Zone Booster Station in an amount not to exceed \$169,323. Mr. Johnson seconded the motion.

Mr. Ray noted that there had been an additional \$210,000 added to the original contract since it was approved. Mr. Stratton explained that the Linda Vista Reservoir design was done separately from the two conveyance systems for the reservoir. Unfortunately, the design was not completed the same time the District sought bids for the reservoir. Since the Ashton Company is on the job, staff felt the Ashton Company could perform the work for the conveyance systems with the existing work and thus avoid any conflicts with different contractors at the same job site. The Ashton Company was asked for a bid price, which seemed appropriate with the engineer's estimate. However, the Board could still seek bids on this item if it wishes.

Ms. Cramer called a vote for the motion to approve the change order to the Ashton Company contract. The motion passed unanimously.

H. Approval of Information Systems Upgrade.

Mr. Tripp made the motion to approve the information system upgrade as proposed by Resource Strategies in the amount of approximately \$20,000 and direct the General Manager to implement the upgrade in a timely fashion. Mr. Ray seconded the motion.

Mr. Ray noted that the General Manager had recommended not purchasing, but leasing, a dump truck so that the upgrade can be paid for. He asked what the difference will be between buying and leasing. Mr. Stratton said that interest at 7 percent equates to \$9,000 to \$12,000 over a four-year period.

Mr. Ray said he was concerned about the monthly charges to be paid to Resource Strategies. Mr. Jeff Coleman of Resource Strategies explained that the monthly charge is similar to the cost incurred with telephone lines to allow for connectivity to the outside world. The monthly charge can be justified by access to files, support materials, communication with the County and other vendors, and for the District to have the effect and appearance of having 24-hour service. The

monthly recurring fees are for as long as the District wants the service. Mr. Ray said the monthly charges seemed expensive. Mr. Coleman said it was a competitive cost.

Ms. Cramer wanted to know what the difference was between a domain account and the account she has with StarNet. Mr. Coleman said that along with the 24-hour access, dialing speed is twice as fast as a modem and allows simultaneous access rather than separate telephone lines.

Mr. McNulty said that the District's access to electronic mail would save the District much time and money. He stated that he had no role in creating this proposal but that he had worked with Mr. Coleman in the past and would highly recommend him.

Ms. Cramer noted that the Engineering Division had expressed concern that AutoCAD would not run well with the new upgrades and she had concern about security issues. Mr. Coleman explained that operating under Windows NT would resolve the issue. Mr. Ray agreed based on his experience with Windows NT. Mr. Coleman said that security issues need to be addressed, especially to ensure that servers are inaccessible to the outside.

Mr. Ray asked if the upgrades would allow interfacing to well sites. Mr. Coleman said part of the proposal is to give the Hardy Road Site access, with eventual capability to have radio access to the well sites.

Ms. Cramer questioned if everything was included in the \$20,000 or if additional items would be proposed later. Mr. Coleman said functionality was included. Mr. Stratton said that the main priorities needing the most attention were included, such as the server and electronic mail.

Ms. Cramer asked about documentation. Mr. Coleman said that the needs analysis was done separately and that this proposal deals only with priority issues. Documentation of the network is important but it is not part of this specific proposal. Ms. Cramer agreed that it was important to ensure the system was running properly with a new server and then to gain Internet and e-mail capability. Mr. Stratton said that staff was implementing some of the recommendations made under the initial needs analysis. The overall goal is to have the system simplified so if something fails we will know where to look and fix the problem. With these upgrades, we will be able to better manager the system. Mr. Coleman noted that the system has been patched together by staff and professionals, but the upgrades will make it a robust, simpler system.

Ms. Cramer called for a vote for the motion to approve the information system upgrade. The motion passed unanimously.

V. General Manager's Report

Mr. Stratton reported that the South Shannon well system was down because a motor on the air blowing unit had failed and will not be repaired until the end of September. A spare motor has also been ordered to avoid a similar problem in the future.

Mr. Stratton explained that St. Johns Palms Apartments drilled its own well and appears to be exceeding the amount they are permitted to pump. The District is concerned because of the lost revenue and has contacted the Arizona Department of Water Resources (ADWR) regarding the usage. Mr. Ray asked if anyone could drill a well. Mr. Stratton, Mr. Michael McNulty of Brown & Bain, and Mr. Mark Myers, Consultant, explained that ADWR has a provision to drill an exempt well if it only pumps 10-acre feet per year. An exempt well is not metered unless ADWR believes a violation is occurring and it can then impose a fine. The District would only be notified of a new well if the well affected the groundwater levels of the District's wells. Since over pumping appears to be occurring, the District will work with ADWR to resolve the issue.

Mr. Stratton said the District Municipal Property Corporation is to meet September 16, 1997 to consider three proposals for financing the office site. The Bond Oversight Committee met on August 26, 1997. The committee members are well qualified with a wide array of talent.

Mr. Stratton reported that Herb Johnson and he were invited to attend a meeting for the Marana Water Service Company hosted by Sharon Bronson to consider forming a water improvement district.

Regarding the Engineering Division's report, Mr. Ray noted that the report cited percentage of completion for a couple of projects seemed inaccurate. Mr. Charlie Maish, District Engineer, noted that delays had occurred and the completion dates should have been changed.

Mr. Johnson asked about how the District determines appropriate pipe size, modeling costs, and bookkeeping when a contractor is installing a system. Specifically, he was referring to the interconnection with the Town of Oro Valley for Oro Valley Water Improvement District #1 (OV#1) and if the District was determining all costs related to the District providing the appropriate percentage of its expenditures on behalf of OV#1. Mr. Stratton explained that the District determines if it can provide to a contractor based on the specifications of its system. If it does not meet specifications, then the system must be adjusted to meet the District's standard. Staff has begun tracking cost breakdowns for expenditures that benefit OV#1. Mr. Johnson said that it was imperative that all costs, modeling, and construction related costs be up to date for OV#1. Mr. Stratton said that the Engineering Division was to examine projects to ensure that the District is meeting its requirements. The Administration Division already accounts separately the OV#1 bills and the Utility Division identifies projects done that benefit OV#1. Labor costs on those projects needs to be better calculated.

Ms. Cramer noted that in Mr. Myers' report to the Board that the District had been seeking funding for a study of the Fort Lowell formation and the unknown effects on recharge by installing piezometers; however, some Groundwater Users' Advisory Council (GUAC) members appeared opposed to the study. She asked why there was opposition. Mr. Myers said he would confer with Mr. Stratton on the best approach to secure support from the GUAC to approve a scope of work for this study. A couple of GUAC members who have ties with the City of

Tucson appear reluctant to support the study. While the Northwest entities have received more than anyone else's share for funding for these types of projects, some GUAC members ignore the advantage that has been created to secure additional funds for the region and these recharge projects. Mr. Myers said he suspected that the opposition was more closely associated with the litigation between the District and the City.

Mr. Ray asked about the BKW Farms/Siphon project and how important was it to get a response from the Town of Marana's lawyer. Mr. Myers said the project is part of the District's short-term recharge efforts and needs to move forward so the District does not have a situation in which it pays more for recharge than it needs to. Mr. Ray said he would try to discuss the issue with Marana's attorney, whom he knows.

VI. Legal Counsel's Report

Mr. McNulty said he had nothing further to report.

VII. Future Meeting Dates; Future Agenda Items

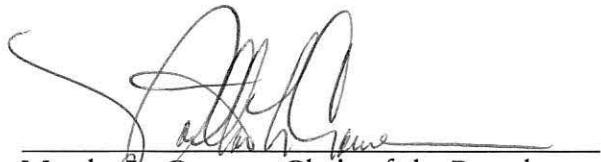
Mr. Stratton noted that the next regular meeting is scheduled for Wednesday, October 15, 1997, due to the Columbus Day holiday.

Ms. Cramer asked how the Board would like to handle the performance appraisal for the General Manager. Mr. Ray suggested that the performance appraisal be delegated to the Business Administration Board Member Committee and then be brought to the Board at its next regular meeting.

Mr. Ray directed staff to schedule a study session before the next regular Board meeting.

VII Adjournment

The Board adjourned the meeting at 7:22 p.m.



Martha L. Cramer, Chair of the Board

ATTEST:



Clerk of the Board