

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

**September 09, 2002**

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

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

**MINUTES**

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

Board Members Not Present: Jim Doyle, Member

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

**Regular Session**

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

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the regular Board meeting to order at 6:01 p.m. Dennis Polley, Dan M. Offret, Marlene Wright and Pete Schlegel were present. Jim Doyle was not present.

**II. General Comments from the Public**

John Kulakowski, Sabino Vista Homeowners Association, said the Hub area annexation with Metro Water District suffered a setback due to the City of Tucson opposing the annexation. He was concerned that the City of Tucson did not notify Hub area residents that the annexation was on the counsel agenda, and residents were not afforded the opportunity to speak to the City Counsel. Mr. Kulakowski also said he was not provided with information as to how the City Counsel reached its decision. He said that a meeting with representatives from the City of Tucson and Sabino Vista Homeowners Association members has been scheduled for September 19, 2002 to discuss the annexation. Mr. Kulakowski noted that Mr. Stratton has been invited to attend this meeting.

Marian Munsinger addressed the Board to ask for consideration by the District to relieve her of some of the financial burden associated with hooking up to a water main serving the Club Carmel apartments. Ms. Munsinger explained that her private well went dry this summer, and she is looking for alternative water sources. The owners of the apartments have asked her to pay \$2,970 for 396 feet of the water line that serves the apartment complex. Mr. Stratton explained that there is a protective main agreement between the District and the apartment owners which requires the District to collect a fee when connecting a new water meter to this main. He said staff has examined several alternatives in an attempt to assist Ms. Munsinger, and it appears the apartment owners are not willing to adjust the \$2,970. Mr. Stratton explained that the protective main agreement enables the apartment owners to recuperate some of their costs for installation of the original water main.

Mr. Polley suggested that staff meet with Ms. Munsinger to attempt to work out a solution. Ms. Munsinger said she believed it would cost approximately the same amount for her to drill a new well as it would cost to hook up to the existing main. Mr. Schlegel assured Ms. Munsinger that staff would address the issue and try to find a solution that was fair to all parties.

### **III. Consent Agenda**

- A. Approval of Minutes – August 12, 2002 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bills of Sale.**
  - 1. Chaparral Heights Subdivision**
  - 2. Chula Vista Reserve Subdivision**
  - 3. Panorama Ridge Estates Subdivision**

Mr. Offret moved to approve the consent agenda. Ms. Wright seconded the motion. Motion passed unanimously.

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

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

Mr. Stratton said it was a typical month from an operational standpoint. He noted that development fee revenues continue to be down as new building development has been slow.

#### **B. Financial Report.**

Mr. Land explained the audit is going along as planned and a draft document should be ready the week of September 16, 2002. He noted there were problems with the fixed asset report which have since been corrected.

Ms. Wright, after looking at the financial report, asked who Corporate Express was. Mr. Land said the District, through state bid, receives its office supplies from Corporate Express. Ms.

Wright also asked who Unibar was. Mr. Dean replied that the District receives its chlorine from Unibar.

Mr. Kulakowski asked about the status of the Hub Well tank installation. Mr. Maish said the tank has been erected and is being painted at this time. There is an approximate two week cure time once the tank is painted. Mr. Maish said the tank will then be filled and should be in service by the end of September 2002.

Mr. Schlegel asked when the Hub Well landscaping would begin. Mr. Maish said that trees will be moved from the Mona Lisa well site, and the remaining landscaping will begin as soon as possible.

**C. Possible Action and Cancellation of the November Election of Board Members.**

Mr. Offret made a motion to approve a letter to be sent to the Pima County Board of Supervisors requesting that pursuant to A.R.S. § 48-1012E, the Supervisors appoint candidates Susan Downing and James Doyle to the Metro Water District Board positions, and cancel the District Board member election in November. Ms. Wright seconded the motion.

Mr. Offret asked if the appointment would be made through the Pima County Board of Supervisors or through the Metro Water District Board. Mr. Stratton said the appointments for the two vacancies would be made by the Board of Supervisors, and the new Board established in January 2003 would appoint the one remaining vacancy.

Motion was passed unanimously.

**D. Establishment of Fleet Management Policy.**

Ms. Wright suggested scheduling the establishment of a Fleet Management Policy for a future study session so that it could be discussed in greater detail. Mr. Polley and Mr. Offret agreed.

Mr. Schlegel congratulated staff on the Board report regarding the Fleet Management Policy. He suggested that staff include the District trailers in the policy. Mr. Stratton asked that prior to the study session, Board members notify staff of any additional items they would like addressed regarding the Fleet Management Policy.

**E. Update of Security Issues and Vulnerability Assessments.**

Mr. Hill explained that the staff report update addresses two items: the vulnerability assessments (VAs) required by Federal legislation enacted in June 2002 and the status of District security operations. He said that staff will review the fiscal requirements for VAs required to meet security compliance objectives. Mr. Hill noted that some recommendations are quite expensive but can be accomplished over a period of several years. Grant monies may also be available at a later date to assist in offsetting the cost of VAs. Included in the VA guidelines is the

requirement of an Emergency Response Plan which must be submitted within six months after the date of the VA.

Mr. Offret asked if the District could partner with other entities to complete their VAs. Mr. Hill suggested that each entity address its VAs individually to protect security issues. He noted that there probably would not be an economic value to partnering with other entities.

Mr. Stratton said he has discussed VAs with SAWUA members and they agreed that security is an important issue and that sharing that information with others dilutes the effectiveness of a VA. He added that training regarding security measures could be shared with other entities and SAWUA members were interested in exploring this option. Mr. Stratton said that Tucson Water, Pima County Wastewater, and Metro Water have formed an ad hoc committee to address security issues and SAWUA asked that they put on a brief training seminar for staff to determine if a more formalized training would be effective.

Mr. Schlegel suggested that a mission statement be created for the District's security efforts. He added that he knows someone that would be an excellent facilitator to create a mission statement.

**F. Award of the Construction Contract for the Well Modifications to the Ina/CDO Wash, Marlene and Thornydale Well Sites.**

Mr. Stratton noted that Gilbert Pump and Equipment Company was the only contractor to respond to the notice of bid for the award of the construction contract for the well modifications to the Ina/CDO Wash, Marlene and Thornydale well sites. He said that Gilbert Pump's bid met all the necessary requirements, and that issues previously encountered in other contracts with Gilbert Pump had been addressed and corrected. Mr. Stratton said Gilbert Pump's bid came in slightly higher than the engineer's estimate.

Ms. Wright asked if there were previous issues with Gilbert Pump's work at Tucson National North. Mr. Maish said there was a concern with the amount of time it took for Gilbert Pump to complete the project; however, the issues regarding liquidated damages were resolved. Mr. Maish said that the work had been completed satisfactorily.

Mr. Offret noted that several representatives from various companies had attended the pre-bid meeting, and asked why there were no other bids received. Mr. Maish said that the District had heard from some of the potential contractors and learned that construction in the Tucson area is active at this time, and there is a great deal of work available for the contractors. Ms. Wright asked if the period imposed by the District was too short. Mr. Maish said that he did not receive negative comments regarding the period requirements.

Ms. Wright suggested going out for bid again. Mr. Offret agreed and said he was not comfortable with only one bid, especially for that amount. He asked if this would cause a delay in the project. Mr. Maish said it would create approximately two months delay.

Mr. Offret made a motion to reject the construction contract for the Well Modifications to the Ina/CDO Wash, Marlene and Thornydale Well Sites (MW-99-03) project to Gilbert Pump and Equipment Company in the amount of \$2,096,430; and to re-bid the Well Modifications construction contract. Ms. Wright seconded the motion. Motion was passed unanimously.

**G. Award of Natural Gas Engine Service Contract.**

Mr. Stratton explained that the Natural Gas Engine Service Contract is an annual service contract.

Ms. Wright made a motion to award Williams Detroit Diesel-Allision, the Natural Gas Engine Service contract for the Fiscal Year 2002-2003 at a cost not to exceed \$10,500. Mr. Offret seconded the motion. Motion was passed unanimously.

**H. Approval of Groundwater Savings Projects Agreements.**

1. **Amendment to In-Lieu Water Deliveries and Storage Agreement with Herb Kai**
2. **Renewal of In-Lieu Water Deliveries and Storage Agreement with Cortaro Water Users' Association**
3. **Approval of In-Lieu Water Deliveries and Storage Agreement with BKW Farms**

Mr. Stratton explained that the agreement contracts were lumped together for Board review as the subject matter was the same; however, separate motions would need to be made to approve the agreements. Mr. Stratton explained that the District has had excellent working relationships with all three entities. He noted that the City of Tucson would no longer be storing water with BKW Farms, thus creating an opportunity for the District.

Mr. Schlegel asked legal counsel if there should be three separate motions. Mr. McNulty replied that if the minutes reflected the fact that the Board was moving the adoption of each of the contracts centrally, there would not be the need for individual motions.

Mr. Schlegel made a motion to approve the amendment to the agreement between the District and Herb Kai for "In-Lieu Water Deliveries and Storage" and that the agreement be in effect until December 31, 2003, unless renewed for an additional year by the District and Herb Kai; further, to approve the renewal of the agreement between the District and the Cortaro Water Users' Association for "In-Lieu Water Deliveries and Storage" subject to approval by Cortaro's Board and that the agreement be in effect until December 31, 2003, unless renewed for an additional year by the District and the Cortaro Water Users' Association; and to approve the agreement between the District and BKW Farms for "In-Lieu Water Deliveries and Storage" and that the agreement be in effect until December 31, 2003, unless renewed for an additional year by the District and BKW Farms. Mr. Offret seconded the motion. Motion passed unanimously.

**I. Status of Acquisition of Green Valley Water Company and Approval of Amendments to Asset Purchase Agreements for the Purchase and Sale of Certain Assets of the Green Valley Water Company and Assured Water Supply Credits.**

Mr. Stratton said the August 30, 2002 meeting of the Arizona Corporate Commission (ACC) was changed to September 30, 2002 and will be held in Green Valley. He added that a meeting did take place on August 30, 2002 for the ACC to hear comments by the Green Valley Water Company (GVWC) customers and representatives. November 19, 2002 has tentatively been scheduled as the date to hear the ACC decision regarding any formal action. Mr. Stratton said it appears that most of the GVWC customers view the purchase unfavorably.

Due to the delays in the ACC hearing process, amendments need to be made to the purchase agreement with Fairfield. Mr. Stratton said that the amendments include changing the allocation of the cost but not the overall selling amount, and amending the closing date due to the ACC hearing date. Mr. McNulty further explained the selling amount and changing of the closing date. He noted that another amendment would provide a power of attorney to enable the District to order CAP water under the GVWC contract as the transfer of the contract could take 6 to 7 months. Mr. McNulty said that the last amendments would reflect that Mr. Williamson would be responsible for the ACC and RUCO assessments at time of closing.

Mr. Offret asked if the power of attorney would be given to Brown & Bain. Mr. McNulty said he believed it should be given to the District. Mr. Schlegel asked if there would be a conflict of interest if the power of attorney were to be given to Brown & Bain. Mr. McNulty said there was not an issue with the conflict of interest; however, Brown & Bain was not interested in ordering water and believed this was a responsibility of the District. Mr. McNulty said that the contract amendment would be written to reflect that the District had power of attorney.

Mr. McNulty went on to say that the contract had also been amended to reflect that the CAP payment charges would be pro-rated upon closing. He suggested that the Board consider changing the closing date, which was amended to reflect October 31, 2002, for the end of December 2002 so that the contract would not require further amendments. Mr. Schlegel asked if the closing date could be left up to Brown & Bain. Mr. McNulty said the closing date should be established by the Board. Mr. Schlegel said he had concerns, as the ACC could delay this for a long time as was done with the District in 1992. Ms. Wright said she believed a new date should be established also. Mr. McNulty suggested that the Board could approve the amendments at this time, and the closing date of October 31, 2002 could be brought back before the Board in the form of an amendment at a later date, if needed. Mr. Offret agreed.

Mr. Offret made a motion to approve the amended asset purchase agreement with Green Valley Water Company for the purchase and sale of certain assets of the Green Valley Water Company subject to the power of attorney being vested in the District. Ms. Wright seconded the motion. Motion passed unanimously.

Mr. Offret made a motion to approve the amended asset purchase agreement with Fairfield Canoa Ranch, L.L.C. for the purchase and sale of assured water supply credits. Ms. Wright seconded the motion. Motion passed unanimously.

Mr. Offret made a motion to approve the amended asset purchase agreement with Canoa Ranch Golf Course, L.L.C. for the purchase and sale of assured water supply credits. Ms. Wright seconded the motion. Motion passed unanimously.

#### **V. General Manager's Report**

Mr. Stratton said that in regards to the radon issue, WestCAS seems to favor the recommendations from the Association of California Water Agencies (ACWA) proposal that would allow for a single mcl to be established. There is consensus that the established program would be administered under the Air Quality Commission. Mr. Stratton said that AWWA is taking a different approach, as some of its members that are not impacted do not want to take an adversarial position.

Mr. Stratton said a managed recharge draft Intergovernmental Agreement (IGA) has been reviewed with legal counsel and it is being fine tuned. The District will be submitting its storage permit application as soon as the project is approved.

Mr. Stratton explained that under previous direction of the Board to expedite the contract process for drilling the replacement well at Hub No. 5, staff has asked Clear Creek Associates to solicit bids for the work. He said that it is anticipated the bidding process will be completed prior to the end of September 2002. Mr. Stratton added that the contract could be available for the Board's consideration at the next study session of the Board in order to expedite the project.

Mr. Stratton said that Mr. Offret had met with Jerry Gary who heads up the Tucson Sister Cities Program, and as a result Mr. Stratton was invited to attend a Water Emergency Preparedness Exchange Program with the City of Almaty, Kazakhstan. He noted that all expenses will be paid under the grant program.

Mr. Stratton said that a report had been previously provided to the Board to give an update as to the District's Ten Year Anniversary plans, and asked that the Board notify him with any concerns or suggestions. He noted that the invitations for the reception at Tohono Chul on October 2, 2002 will be mailed on September 10, 2002. Mr. Stratton reminded the Board that three water workshops have also been scheduled for the month of October. During the week of October 2, 2002 the District will have an open house for customers. Mr. Stratton said there was a significant response by customers to the drawing for a \$100 credit to be applied to ten District customer's water accounts.

Mr. Schlegel asked if all residents were given an opportunity to respond to the drawing for the \$100 credit. He gave an example of apartment dwellers. Mr. Tenney said that the \$100 is a credit to a customers account, and the apartment dwellers do not pay directly to an account. Mr. Stratton noted that in most instances the water is included in the rent structure for apartment

dwellers. Mr. McNulty said that it made sense that it was offered only to those who have water meters and accounts with the District.

Mr. Offret commented that the new logo created for the Ten Year Anniversary was great, and thought the labels created for the envelopes were equally appealing. He wanted to thank the Ten Year Anniversary Committee for doing a good job.

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

Mr. McNulty noted that regarding the conflict with Muira Contracting, it was decided in July 2002 that the District would not pay the \$20,000 requested by Muira Contracting. Their attorney was notified of the District's decision. Mr. McNulty said the issue has risen again, and a letter would be sent to them again noting the decision in July 2002.

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

A study session was scheduled for October 7, 2002 at 5:30. Agenda items include the Fleet Management Policy, Hub Well No. 5, and the Well Maintenance Contract. Mr. Schlegel asked that additional natural gas generators for well sites be included for a future study session, as well as propane adapters and small storage tanks. He requested that the Board be provided with a map of the customers that are covered by the existing systems and those that are not.

The next regular meeting of the Board is scheduled for Wednesday, October 16, 2002 at 6:00 p.m.

#### **VIII. General Comments from the Public**

Fred Collins, Green Valley Water Company (GVWC) customer said he was dismayed that the District did not conduct an election to fill the three vacant positions for Metro Waters' Board of Directors. He added that he was also concerned that GVWC would not have representation on the Board if the acquisition of GVWC moved forward. Ms. Wright explained that the District advertised for the three vacant Board positions and only two candidates turned in their petitions. She added that Pima County Supervisors asked the District to cancel the election which would save the District approximately \$10,000. Ms. Wright said that the two candidates who turned in their petitions would be appointed to Metro Water's Board. Ms. Wright also explained the annexation process for GVWC customers to pursue in order to have representation on the Board if the acquisition takes place. She suggested that Mr. Collins contact John Kulakowski from Metro Hub to discuss the annexation process for further information. Mr. Schlegel said that the Board was very much in favor of holding an election for the vacant positions; however, in light of not enough candidates turning in their petitions it is in the District's best interest to cancel the election.

Jim Davis, GVWC customer, said that it would take at least two years for GVWC to complete the annexation process and have representation on the Board. Mr. Schlegel said that was

possible. Ms. Wright explained that GVWC customers could attend Board meetings during this time and the Board would listen to their voice.


Mr. Davis asked why the District was interested in purchasing GVWC. Mr. McNulty suggested that to avoid open meeting conflicts, Mr. Davis visit with a Board member after the meeting adjourned.

Mr. Kulakowski said he was pleased with the service and upgrades to the system made by the District upon its purchase of Metro Hub. He added that it has been a very profitable and positive experience for the Metro Hub customers.

**IX. Adjournment**

The meeting adjourned at 7:23 p.m.

  
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FOR Dennis Polley, Chair of the Board

  
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Clerk of the Board