

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

**April 8, 2013**

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

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

**MINUTES**

**Board Members Present:** Judy Scrivener, Chair  
Dan M. Offret, Vice-Chair  
Richard Byrd, Member  
Jim Doyle, Member  
Bryan Foulk, Member

**District Staff:** Mark R. Stratton, General Manager  
Christopher W. Hill, Deputy Manager  
Abbe Goncharsky, Legal Counsel  
Michael Land, Chief Financial Officer  
Charlie Maish, District Engineer  
Tullie Noltin, Recorder  
Warren Tenney, Clerk of the Board

**Executive Session**

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

Judy Scrivener, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:00 p.m. Richard Byrd, Jim Doyle, Bryan Foulk, Dan M. Offret and Judy Scrivener were present.

Mr. Foulk made a motion to adjourn into Executive Session at 5:01 p.m. Mr. Offret seconded the motion. Motion passed unanimously.

Executive Session pursuant to A.R.S. § 38-431.03.A.1 (discussion or consideration of personnel matters); A.R.S. § 38-431.03.A.4 (consider the district's position and instruct its attorneys) regarding the following:

**A. General Manager's Annual Performance Review.**

**B. Decision made by the Arizona Department of Occupational Safety & Health Administration.**

The Executive Session concluded at approximately 5:55 p.m.

**Regular Session**

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

Judy Scrivener, 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. Judy Scrivener, Bryan Foulk, Richard Byrd, Jim Doyle, and Dan M. Offret were present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Consent Agenda**

- A. Approval of Minutes – March 11, 2013 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Insurance Provider for Workers' Compensation Coverage.**
- D. Approval of Water Service Agreement – Shannon Estates, Lots 1-55.**

Mr. Offret made a motion to approve the Consent Agenda. Mr. Foulk seconded the motion. Motion passed unanimously.

**IV. General Business - Items for Discussion and Possible Action**

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

Mr. Stratton said the March report shows a decline in water usage from last year. Mr. Land's financial report will cover the financial implications for the District, which is part of a nationwide trend judging from a number of reports. The trend is expected to continue and is the subject of a study of future costs and implications by Gary Woodard at the University of Arizona that is hoped to eventually help Boards like this one in making financial decisions in times of declining usage.

New meter installs have increased to 22 in the past month. Residential development in the Metro Southwest area has picked up and there have been a couple large meters in Metro Main. New growth is a positive sign. The Water Sustainability Team is working on the Designation of Assured Water Supply for a portion of Metro Southwest. Discussions surrounding Non-Indian

agricultural water are continuing. Almost all capital projects are finishing up. The Riverside Well is under construction and the Metro Hub well improvement near Fruchthendler School is entering the bidding process.

**B. Financial Report.**

Mr. Land noted a slight increase in revenues reported through February. Revenues are \$106,800 over budget for the first eight months of the fiscal year with \$93,000 over in metered water sales; however, there has been a slight drop in sales in March. Operating expenditures are running 11.62% under budget, compared to last year. Budgeted revenue in excess of operating expenditures is \$777,000 ahead of budget. There has been a big jump in meter applications for March, with 15 in that month bringing the total to 42. The solar array continues to show consistent savings.

**C. Appointment to the Finance Oversight Committee.**

Mr. Offret invited Jennifer Dussor, to tell the Board why she was applying for the Finance Oversight Committee (FOC).

Jennifer Dussor said she is a resident of Metro Water who works for City of Tucson Environmental Services. The main reason she is interested in serving on the FOC is a desire to be active in her community. She is formally trained as a Hydrogeologist and although the FOC focuses more on the financial than the technical, it all works together. She has a long history of consulting in the area of environmental resources and developing water resource options. She grew up in San Antonio where there is a critical focus on water supply, much like in Southern Arizona. She is interested in capitalizing on our resources by recognizing opportunities and making sound investments for the security of Metro Water District. Mr. Foulk asked Ms. Dussor if she knows Mr. Byrd and she confirmed.

Mr. Offret motioned to appoint Jennifer Dussor to the Finance Oversight Committee. Mr. Foulk seconded the motion. Motion passed unanimously.

**D. Direction to Reestablish Merit Awards.**

Mr. Stratton said staff felt it was appropriate in the development stage of the next fiscal budget to consider reinstating the merit program for staff. The report outlines the concept of what is thought to be appropriate, taking small steps now but acknowledging the work staff has done and letting them know considerations are being made for them.

Mr. Offret said he had been somewhat opposed to this for awhile but he thinks it is time.

Mr. Foulk asked what is in place to help determine what is considered meritorious. Mr. Stratton talked about how the evaluation forms were changed this past year, to include a list of goals and objectives. The idea is to determine whether each employee is meeting or exceeding those goals. From another standpoint, it is important to make sure the goals established are appropriate as added expectations, as opposed to a list of what is expected. When supervisors and employees have these performance conversations, they should be setting goals but also detailing what is considered above and beyond expectations. Mr. Offret asked when the new performance appraisals were created. Billie Sue Morelli, Human Resources Specialist, said they were changed about a year and a half ago. Mr. Stratton said discussions between he and Ms. Morelli, identified the need to develop a separate form in which the supervisor justifies their recommendations for a merit award and submits it to the General Manager for approval. Mr. Foulk said merit awards are tough because it is difficult to say why a merit is deserved in this or that position, considering the job description. It is hard to determine if the job is done really well, or if the work expanded in realm and the person is performing their duties. He would like to see a section at the bottom part of the form outlining the specific things that maintain or meet goals, and the two or three things that are considered above that. What it would take to get a merit increase should be defined.

Mr. Foulk asked when the merit program would be implemented. Mr. Stratton said it could be resumed this fiscal year in January, at the half year point. Mr. Foulk asked if this is in the budget, and Mr. Stratton explained merit awards have not been budgeted for 4 years.

Mr. Offret said he would like to ask staff to proceed with reestablishing merit awards. Mr. Stratton asked if it should be based on the numbers presented in the report, and the Board agreed.

#### **E. Discussion and Direction for Legislative Issues 2013.**

Mr. Offret thanked Mr. Tenney for his efforts on the Regional Water Augmentation Authorities bill, HB 2338. He understands the concerns the Yuma area and Cattlemen Association have, and he thanked Mr. Tenney for trying to alleviate some of them.

Mr. Offret asked about HB 2175 regarding charging availability fees. Mr. Tenney explained that current statutes reference availability fees applied by domestic wastewater districts and this bill would also include water districts. The bill says if a sewer line is put in adjacent to a property but is not connected, domestic improvement districts could collect a fee for having the pipe there. Mr. Offret summarized that if the bill is passed, if Metro Water ran a pipe past someone's house, a fee could be charged even though they were not hooked up to the system. Ms. Scrivener noted that a pipe going down the street allows a potential for hookup in the future. Mr. Stratton cautioned the Board on enacting such a fee in the future. Mr. Tenney said the idea requires a lot of discussion and would present many administrative issues. HB2175 has been moving through the process but it is basically a cleanup bill driven by Yavapai County and rural parts of the state.

**F. Approval of Electrical Services and Construction of Electrical Systems.**

Mr. Foulk made a motion to approve the quotes submitted for the Electrical Services and Construction of Electrical Systems for use through June 30, 2014 and authorize the General Manager to approve the use of these services on an as needed basis. Mr. Byrd seconded the motion.

Mr. Offret asked if the District currently has an electrician. Mr. Stratton explained that the District has an Electrical Supervisor and a vacant Electrician position that we have elected not to fill at this time. Mr. Offret asked for more information about the electrical work needed. Mr. Stratton explained the electrical work at Fruchthendler is done as part of the contract for the whole well but at other locations, staff time is involved in wiring and bringing sites up to code. The amount of time required is difficult for one person to dedicate. Mr. Maish mentioned the Board recently authorized the District to use City of Tucson contracts for emergency electrical work but that was geared for troubleshooting and repairs, not new construction.

Motion passed unanimously.

**G. Amendment of Interim Remedial Action Contract with the Arizona Department of Environmental Quality for South Shannon Treatment System.**

Mr. Foulk made a motion to approve Amendment No. 23 of the Interim Remedial Action Contract at the South Shannon Facility between the Arizona Department of Environmental Quality and the Metropolitan Domestic Water Improvement District to reduce the operations and maintenance budget for FY 12/13 by \$70,000 to a contract total of \$114,250. Mr. Offret seconded the motion. Motion passed unanimously.

**H. Approval of Change Order #1 for the Cortaro Farms Road/Magee Road, Shannon Road (South) to Thornydale Road, Waterline Relocations and Shannon Road Transmission Main, Phase I, and Cortaro Farms/Magee Road Reclaimed Water Line.**

Mr. Offret made a motion to approve the Change Order #1 to the Cortaro Farms Road/Magee Road, Shannon Road (South) to Thornydale Road, Waterline Relocations and Shannon Road Transmission Main, Phase I, and Cortaro Farms Road/Magee Road Reclaimed Waterline contract with Innova Engineering, LLC which establishes a new contract amount of \$3,083,923.83 and a new contract completion date of February 7, 2013. Mr. Foulk seconded the motion.

Mr. Foulk asked if the change order was a result of the flooding and Mr. Maish said no. Mr. Stratton said the majority comes from the oversight of Magee Road South.

Motion passed unanimously.

**I. County/RTA Waterline Relocation Cost Overages.**

Mr. Stratton said since we are nearing completion of all projects, staff looked at original projections versus actual expenses and noticed a fair amount of overage. The bond for \$6.6 million is listed with grand totals including interest. Mr. Offret noticed every single line item reflects an overage. He would like to know what they consisted of, especially projects 15619 and 15621. Mr. Maish said the 15619 overages came from force account items. All of the projects have been very difficult to manage, due to utilities being located outside of pavement or in tight locations, and the depth requirements being changed from 5-8 feet to 12-15 feet. The District never knew exactly how deep new lines would have to be until road plans were received, so designing projects and making projections was complicated. In addition, a couple projects were added later on. Designers had to remain very active during construction and were required to submit redesign plans every time there was a change, which is a situation the District has never encountered until these RTA projects. Costs include staff time spent on these projects. Mr. Land noted all internal staff time, totaling about \$960,000, was credited back to the District through the operating fund with an overhead factor built in. The RTA fee was put in place to run the entire course of the debt and it keeps catching up to itself as we pay off the debt, but it should turn out right with good reconciliation.

Mr. Offret asked about the initial RTA/County Waterline Relocation Fee. Mr. Land said the initial fee was established in 2009 and paid for the very first project. Mr. Stratton said the \$6.6 million was borrowed in December 2010. Mr. Tenney said the Board decided at that time to continue the fee to pay the debt service on the borrowed money. Mr. Offret thought the fee would only last about 9 years but Mr. Tenney said the length of time is now tied to the debt service. Mr. Stratton said with an increase in connections, the District could catch up and reimburse all its costs eventually.

**J. Contract Award for Professional Engineering Services for Corridor Study for CAP Recharge Recovery System.**

Mr. Offret made a motion to award the Professional Engineering Services contract for the Corridor Study for CAP Recharge Recovery System to HDR Engineering, Inc., for a not-to-exceed amount of \$149,992. Mr. Byrd seconded the motion. Motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton said there are several staff vacancies and two retirements this month. Neil Peters, one of the original employees from Metro Water Company, retired last week and Tom Caito Jr., Senior Civil Engineer, is also retiring. Tom's position was bond funded and he has been working

at the District for 17 years. Michelle Adams, our part-time Office Assistant, is leaving for another position. We are sad to see them go.

Waterline breaks always seem to increase in springtime and this year has been no different. One incident flooded a construction pit across the street but fortunately, the contractor already had their concrete poured and were working above ground. An 8 inch line was also hit on Orange Grove Road. These events take up additional staff time but are typical for this time of year.

The District's capital program is based on a 1994 water system management plan, so staff is updating with new parameters for future decision making on our capital program and planning for things like the CAP Recovery Plan. The original plan called for another reservoir north of Herb Johnson, so this updating process will allow staff to take a new look at current needs. With the reduction in capital work and other projects, Engineering staff is more than capable of developing this water system management plan.

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

Ms. Goncharsky said litigation with Pima County continues and parties are starting to engage in motion practice. National Labor Relations Board accepted a withdrawal of the charge so that matter has terminated. Discussions continue with the Division of Occupational Safety and Health.

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

Mr. Tenney said the FOC will discuss the draft budget on Monday, April 15<sup>th</sup> and staff would like to plan a Board Study Session the following week on Monday, April 29<sup>th</sup>. Mr. Stratton said there is also a need for an Executive Session at that time, for two items. The Executive Session will start at 5:30 p.m. and the Study Session at 6:00 p.m. or after. The May session of the Board of Directors will be held on Monday, May 13, 2013.

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

There were no comments by the public.

#### **IX. Adjournment.**

The meeting adjourned at 6:40 p.m.

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Judy Scrivener, Chair of the Board

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Warren Tenney, Clerk of the Board