

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

**October 16, 2013**

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

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

**MINUTES**

**Board Members Present:** Judy Scrivener, Chair  
Richard Byrd, Member  
Jim Doyle, Member  
Bryan Foulk, Member

**Board Members Not Present:** Dan M. Offret, Vice-Chair

**District Staff:** Mark R. Stratton, General Manager  
Michael Land, Chief Financial Officer  
Charlie Maish, District Engineer  
Tullie Noltin, Recorder  
Abbe Goncharsky, Legal Counsel

**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. Richard Byrd, Jim Doyle, Bryan Foulk, and Judy Scrivener were present. Dan M. Offret was not present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Consent Agenda**

- A. Approval of Minutes – September 9, 2013 Board Meeting.**
- B. Ratification of Billing Adjustments.**

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

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

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

Mr. Stratton said water consumption was lower in September than last year. The South Shannon treatment system is working pretty consistently, treating about 60 million gallons before each change out. With respect to water quality sampling lab issues, the District is focusing on using another lab in hopes of avoiding the concerns with previous labs. The 2014 CAP order is all set. A few things remain on the Riverside Well improvements. There have been quite a few complaints from the lower service areas about trapped air. As the trial period for the new well continues, the cause is being determined. Hub 1A Well contractor issues are being addressed.

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

Mr. Land said revenues are running \$567,000 over budget for July and August because those are better months for consumption due to hotter weather. Expenses are over budget by \$42,000, mostly from purchased power and CAP water purchased. Compared to budget, budgeted revenue in excess of operating expenditures is \$524,000 over. Revenues are pretty positive compared to last year, mostly in water sales after a strong August but September is back to normal. Operating expenses are \$12,250 better than the same period last year. The CIP program is mostly funded. The Lazy B tank will complete the 2009 WIFA funding source for Metro Southwest. The Riverside Well 2013 WIFA loan is complete. The solar array is not doing as well as last year but is still running positive compared with before it was installed.

Mr. Foulk asked if there have been any meter applications for the new subdivision near Tucson National and Mr. Maish said not yet. Mr. Land said a new builder in Metro Southwest took over many permits and applications have increased in that area.

Mr. Land provided a draft audited financial statement for the Board. Balance sheet and footnotes are not included but he wanted the Board to see the difference in income before capital contributions. The District took a loss on waterline relocations in 2013 because many lines had book value at the time of their removal. The loss on disposal of capital assets was over \$800,000 after taking those lines out of service. He should have the final audited financial statements for the Board at the next meeting.

##### **C. Ratification of Liability Insurance.**

Mr. Folk made a motion to ratify the Liability Insurance policy with Glatfelter Public Practice for the period of October 1, 2013 through September 30, 2014 at the annual premium cost of \$153,121. Mr. Byrd seconded the motion. Motion passed unanimously.

**D. Status of Public Hearing for Proposed Rate and Fees Adjustment.**

Mr. Stratton said there have been a fair number of phone calls regarding the proposed adjustments, as expected. Some people comment about being asked to cut water use while raising rates. The Sunday paper article helped with explaining some of the reasoning. Staff is preparing a comparison of rate adjustments by other utilities over several years, to show the District has increased rates substantially less than other providers. Mr. Tenney said all notices for the hearing had taken place and everything is ready to go for the 28<sup>th</sup> at 6:00.

Ms. Scrivener thanked staff for including a notice about the FOC vacancies. She thought the insert turned out well. Mr. Land noted that an additional insert was prepared for Metro Southwest customers because the proposed base rate change would not affect them.

**E. Possible Sale of Storage Shed and Parcel of Land at Bell Well Site.**

Mr. Stratton explained the circumstances of the Bell Well parcel and the storage shed, currently being leased to Anna Burchard. The District can always utilize storage space but the location is not ideal. Mr. Stratton said removal of the tank was included in this year's budget. Mr. Maish said there is a plan to maintain the well as a monitoring well.

Ms. Burchard spoke about her interest in purchasing the land and storage shed to grow her business. She is concerned about the impact to her business if the storage shed is no longer available to lease, or the parcel is sold to another party.

Mr. Foulk suggested the District should proceed with an appraisal to see what the parcel and shed are worth. Mr. Byrd asked if there is a foreseeable need to drill a deeper well in that location and Mr. Stratton said no. Wells in this area do not have high production capability and do not come close to meeting the needs. Ms. Scrivener agreed on obtaining an appraisal of the property.

**F. Approval and Award for Hub Fixed Network Meter Installations.**

Mr. Byrd made a motion to approve the use of the City of Tucson Contract for the installation of the meters for the Hub Fixed Network as amended by the District pending the extension of the contract by the City of Tucson with KE&G Construction, Inc. Mr. Doyle seconded the motion. Motion passed 3-0. Mr. Foulk abstained.

**G. Approval of Letter to the Environmental Protection Agency regarding the Navajo Generating Station.**

Mr. Stratton said staff requests the letter of support for the Navajo Generating Station in dealing with the EPA regulatory issues surrounding the facility.

Mr. Foulk made a motion to approve the Chair of the Board to sign the attached letter to the Environmental Protection Agency. Mr. Byrd seconded the motion. Motion passed unanimously.

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

Mr. Stratton said staff is beginning to solicit estimates for health care benefits. Another broker has asked to submit proposals, so there will be some competition for CBIZ in preparing recommendations for health care benefits. Staff is expecting up to 50% increases, despite the Affordable Healthcare Act. Staff is hoping to have information available at the November meeting. Mr. Foulk suggested renewing early to avoid some of the requirements that take effect January 1, 2014. Mr. Byrd asked if the District can extend its existing contract. Mr. Stratton said he would check with the broker.

Chris Hill's last day was yesterday and Mr. Land has also submitted his notice of retirement, effective early January.

Mr. Stratton talked about upgrades to the operating structure of District computers and information sharing. Staff is developing the intranet and migrating to Google Apps. There is a learning curve for some staff and others have handled the transition very well. The functionality will be improved as staff becomes more familiar with it.

One item not in the report was a meeting he had with representatives of the Marana DWID. They are dealing with vacancies and reduced revenues. They inquired about merging with Metro Water District but it would not be favorable to our District because we would have to assume their debt and other liabilities. It was suggested they might generate revenue from vacant properties through a property tax.

**VII. Legal Counsel's Report**

Ms. Goncharsky gave an update on the AECOM litigation and the status of Mr. Hemway's filings. Mr. Hemway filed an objection to the ADOSH case moving to federal court.

**VIII. Future Meeting Dates; Future Agenda Items.**

The public hearing will be Monday, October 28, 2013 at 6:00 p.m. The next regular Board meeting will be held on Wednesday, November 13, 2013, due to Veterans Day being on Monday.

**IX. General Comments from the Public.**

There were no comments by the public.

**IX. Adjournment.**

The meeting adjourned at 6:28 p.m.

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Judy Scrivener, Chair of the Board

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Warren Tenney, Clerk of the Board