

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

**October 12, 2011**

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

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

**MINUTES**

**Board Members Present:** Bryan Foulk, Chair  
Dan M. Offret, Vice-Chair  
Helen Ireland, Member  
Judy Scrivener, Member

**Board Members Not Present:** Jim Doyle, Member

**District Staff:** Christopher W. Hill, Deputy General Manager  
Michael Land, Chief Financial Officer  
James Lewis, Civil Engineer  
Tullie Noltin, Recorder  
Keri Silvyn, Legal Counsel  
Warren Tenney, Clerk of the Board

**Regular Session**

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

Bryan Foulk, 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. Bryan Foulk, Dan M. Offret, Helen Ireland, and Judy Scrivener were present. Jim Doyle was not present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Consent Agenda**

- A. Approval of Minutes – September 12, 2011 Board Meeting.**
- B. Ratification of Billing Adjustments.**

**C. Ratification of Interruptible Power Rate Agreement with Tucson Electric Power for the Northeast Reservoir Booster Station.**

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

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

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

Mr. Hill said slightly less water was used but a little more revenue was generated compared with September of last year. Utility staff exercised 110 valves ahead of roadway improvement work, so that took up a large portion of staff time this month. The Magee Trail Well is in the test pumping phase.

Mr. Offret asked about the installation of new 2 inch PVC pipe at E&T. Mr. Hill said this work was part of a mainline project on private property and the pipe will serve two meters.

Mr. Offret asked for more detail on setting the test pump deeper at Magee Trail Well. Mike Block, District Hydrologist, explained the well is 1000 ft deep. The screen zone is at about 300 ft and the pump gallery is situated around 600 ft. The original specifications placed the test pump above the top of the screen zone but Gary Burchard, Hydrogeologist, recommended moving it deeper to evaluate how it performs under a higher degree of stress.

Mr. Offret asked if Pima County has plans to improve Orange Grove Road from La Cholla to Oracle Road. Mr. Lewis said it is his understanding there will be improvements in that area but the work should have little or no impact on the District.

**B. Financial Report.**

Mr. Land said revenues compared to budget are ahead, primarily due to July and August being two high revenue generating months. By contrast, the District is behind in water sales and exceeding in operating expenses compared with the same time last year but last year was a banner year. New meter installs are up by one compared with last year. There have been no new connections at Metro Southwest for 22 straight months. A new bulletin was added to the end of the Financial Report to illustrate the office complex solar energy costs and savings.

**C. Approval of Audit for Fiscal Year 2010-2011.**

Mr. Offret made a motion to approve the audited Financial Statements of the District for fiscal year 2010-2011 as presented, with the understanding that minor changes may be made before the statements are issued. Ms. Ireland seconded the motion.

Mr. Land said staff wrote the analysis in the first pages of the report. This is the first audit to reflect a full year of Metro Southwest revenues. This year, the District recorded a \$3 million gain for the purchase of Avra Valley Recharge Project (AVRP) and associated recharge credits. Discussions between Mr. Land, Mr. Block, and an unrelated Clifton Gunderson partner who audits Central Arizona Project (CAP) helped determine the value of those credits.

Motion passed unanimously.

**D. Renewal of Insurance Company for Property, Automobile, Commercial General & Professional Liability Coverage and Excess/Umbrella Liability Coverage.**

Ms. Ireland made a motion to approve the renewal of Glatfelter Public Practice as our insurance company for Property, Automobile, Commercial General & Commercial Liability and Excess/Umbrella Liability coverage for the period of October 1, 2011 through September 30, 2012, which may be renewed on an annual basis through 2013. Ms. Scrivener seconded the motion.

Mr. Offret asked for confirmation the District's insurance premium is likely to go down next year after settlement of the Northeast Booster Station (NERBS) case. Mr. Land confirmed that much of the increase was due to the payout for NERBS, for which Glatfelter will be reimbursed. The District did budget for the increase in insurance this year.

Motion passed unanimously.

**E. Implementation of a Maintenance Fee for Use of the Board Room.**

Mr. Tenney said it has been the policy of the District since the building was constructed to offer the Board room as a community meeting space to nonprofits. Over the years it has become very popular. In light of plans to replace the carpet, staff thought the Board might want to discuss the possibility of a usage fee to help keep the room in good shape.

Ms. Ireland asked how much it costs to clean the carpet in the Board room and Mr. Land replied approximately \$300.

Mr. Offret said he favors a minimal fee but before making a decision, he would like to see a breakdown of costs associated with use of the Board room annually. He wants to be prudent and thinks a minimal fee could inspire groups to feel vested in taking good care of the room. He

would like staff to prepare a general list of costs, like utilities and cleaning so the Board can revisit the idea. In addition, he would like staff to recommend the best way collect a fee. Mr. Foulk agreed with Mr. Offret.

Mr. Hill suggested as an alternative, the District could charge a refundable deposit and pay for spills and minor damages with those funds. Mr. Tenney said it may be difficult to collect funds each time the room is utilized, so annual payments may be easier to administer. Staff will try to account for the various costs and determine the best way to administer a fee. The information will be provided at the next Board meeting.

**F. Approval of Addendum 1 to the Intergovernmental Agreement with City of Tucson for Effluent and Reclaimed Water.**

Ms. Scrivener made a motion to approve Addendum 1 to the intergovernmental agreement with the City of Tucson relating to effluent and to reclaimed water. Ms. Ireland seconded the motion.

Mr. Tenney noted an intergovernmental agreement (IGA) with Pima County is necessary to be able to deliver reclaimed water to the County, as well as a separate agreement with Omni Tucson National. Staff is working on that IGA.

Motion passed unanimously.

**G. Award of the Construction Contract for the Cortaro Farm Road/Magee Road, Shannon Road (South) to Thornydale Road, Waterline Relocations and Shannon Road Transmission Main, Phase I, and the Cortaro Farms/Magee Road Reclaimed Water Line.**

Mr. Offret made a motion to award the construction contract for the Cortaro farms/Magee Road, Shannon Road (South) to Thornydale Road, Waterline Relocations and Shannon Road Transmission Main, Phase I, and Cortaro Farms Road//Magee Road Reclaimed Water Line (Alternative B) to Innova Engineering, LLC in the amount of \$2,887,889, and to authorize the general manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed \$100,000 and 2) increase the original construction contract term a cumulative amount not to exceed sixty (60) calendar days. Any changes in excess of the above limits will be submitted to the Board of Directors for approval. Ms. Ireland seconded the motion.

Mr. Foulk asked about Innova's track record. Mr. Hill said there had been a safety issue awhile back but projects they are currently working on are a little behind schedule but proceeding. Mr. Foulk noted that Innova's bid was very close to the Engineer's estimate.

Motion passed unanimously.

**H. Resolution 2011-4 – Approval to Increase 2009 Loan Agreement with Water Infrastructure Finance Authority of Arizona for the Purchase and Improvement of the Thim Water Utility System.**

Mr. Offret made a motion to adopt and approve Resolution 2011-4 to increase by \$300,000 the 2009 loan agreement with the Water Infrastructure Finance Authority of Arizona for the purchase and improvement of the Thim Water Utility System. Ms. Scrivener seconded the motion.

Mr. Offret asked if this particular expense would decrease our debt ratio. Mr. Land said this action would increase the debt service by about \$18,000 per year. This would be a relatively small impact but it does have an effect. Mr. Offret wanted the Board to be cognizant of increasing debt, especially when it is time to discuss a rate increase.

Motion passed unanimously.

**I. Professional Services Agreement for Pump Efficiency Training.**

Ms. Scrivener made a motion to approve a Professional Services Agreement with Tata and Howard to train key District personnel in pump efficiency for an amount not to exceed \$7,050. Mr. Offret seconded the motion.

Chris Hill noted this was a continuation of his report on interruptible power last month. Identifying inefficiencies in the District's pumps will help reduce power costs. Any staff showing an interest from the Utility or Engineering Divisions will be permitted to attend.

Mr. Offret said he thought this was money well spent. Ms. Scrivener agreed. Mr. Offret indicated he would like to see cost-benefit analyses for identified pumps.

Ms. Ireland voiced concern that \$7,050 did not include all the costs based on the scope and questioned if the District should go out to bid. Mr. Hill said this was a professional services agreement and the District was only interested in doing the training portion of the scope. Staff had looked for years to find a consultant who could provide this type of training. Ms. Ireland questioned if one training session was sufficient when Tata and Howard recommended two as well as the purchase of a portable power quality monitor. Mr. Hill clarified that there were two parts to the training session, one as a classroom setting followed by in the field training. He also noted that the District had already purchased the portable power quality monitor.

Mr. Foulk questioned if the \$7,050 was the last piece needed for staff to do pump efficiency testing. Mr. Hill said this training would do that.

Motion passed 3-0; Ms. Ireland abstained.

**V. General Manager's Report**

Mr. Hill explained a problem with purchasing the next GAC replacement. The tsunami in Japan has resulted in a coconut shell shortage, which is what the GAC media is made of. Steve Shepard, Assistant Utility Superintendent, has been in contact with the second vendor identified in the approval, who is capable of providing the GAC in a couple of weeks at their original price. The South Shannon facility will need to be shut down for about two weeks while the order is processed. Staff has learned from this unexpected delay that orders need to be made further in advance.

Mr. Tenney said the October 15<sup>th</sup> workshop advertised in the last newsletter has been cancelled due to lack of interest. The District, in cooperation with Val Little of WaterCASA, will hold another workshop in the Spring. The last workshop attracted a crowd of about 40 people but other water providers are also experiencing a decline in interest for such workshops.

Mr. Tenney said a recent newsletter article about the AVRPP acquisition prompted a customer to ask for a tour of the facility. Now that the weather has cooled and Basin 4 modifications are complete, Mr. Block will guide a small tour for the customer and three of his companions tomorrow, October 13<sup>th</sup>. A fact sheet put together by Mr. Block was provided to the Board. Several Board Members expressed an interest in arranging a private tour.

**VI. Legal Counsel's Report**

Ms. Silvyn said she had nothing further to report.

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

Mr. Tenney said the next regularly scheduled session of the Board of Directors will be held on Monday, November 14, 2011.

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

There were no comments from the public.

**IX. Adjournment.**

The meeting adjourned at 6:44 p.m.

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Bryan Foulk, Chair of the Board

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Warren Tenney, Clerk of the Board