

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

May 9, 2005

**** Board Room ****

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

MINUTES

Board Members Present: Suzanne Downing, Chair
 James Tripp, Vice Chair
 Jim Doyle, Member
 Dan M. Offret, Member
 Judy Scrivener, Member

District Staff: Mark 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

Suzanne Downing, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:04 p.m. Suzanne Downing, James Tripp, Jim Doyle, Dan M. Offret, and Judy Scrivener were present.

II. General Comments from the Public

James Schuh, District customer, provided the Board with documents from Pima County Division Elections regarding the District's recent bond election. He said a question still exists on why Northwest Fire District's support was used by the political action committee supporting the bond and who authorized the Fire District's support. Mr. Schuh felt Metro Water should be concerned.

III. Consent Agenda

- A. Approval of Minutes – April 11, 2005 Board Meeting.**
- B. Approval of Minutes – April 25, 2005 Board Meeting.**
- C. Ratification of Billing Adjustments.**

- D. Ratification of Bill of Sale – Orange Grove Medical Offices.**
- E. Approval of Water Service Agreement – Grace Community Church.**
- F. Approval of Water Service Agreement – The National, Lots 1-10.**

Mr. Tripp 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.

Mark Stratton, General Manager, said the monthly status reports indicates there was an increase in the amount of water provided by the District, thus creating a slight increase in revenues. He noted that due to the current Capital Improvement Program coming to an end, there was nothing new to report.

B. Financial Report.

Mike Land, Chief Financial Officer, said the District received almost \$15,000 from the State of Arizona Treasurer's Office for the National Century Financial Enterprises bankruptcy that occurred last fiscal year. He noted that new development revenues have continued to decrease; however, there has also been a decrease in District expenditures.

C. Legislative Issues 2005.

Susan Charlton, Gallagher & Kennedy, said the State has reached an agreement on its budget; however, it is still being finalized and will hopefully be approved this Wednesday. Ms. Charlton provided the following overview of the updated information for 2005 legislative issues.

The exempt well legislation, SB1190, passed the House and Senate and has been signed by the Governor. Ms. Charlton noted that Stuart Goodman, Lobbyist for SAWUA, did an amazing job working out an amendment that helped the bill to move forward.

HB2174, assured water supply certificates and designations, also passed and has been signed by the Governor.

HB2277, water supply plans, passed and has been signed.

HB2323, tax credits/water conservation systems, passed the House and is still waiting in the Senate. This fiscal impact bill is currently being discussed.

SB1235, CAGR omnibus bill, has been signed by the Governor.

SB1336, rural water legislative committee, passed the House and Senate. Ms. Charlton noted that representatives will be needed from Southern Arizona and suggested that someone from Metro Water may be interested in serving on this committee.

SB1457 and SB1458, Water Infrastructure Finance Authority bills, have both been signed by the Governor.

SB1460, DWID merger, passed and has been signed by the Governor.

D. Discussion of Consumer Confidence Report / Water Quality Report.

Chris Hill, Deputy Manager, said the Consumer Confidence Report (CCR) is a requirement enacted by the Environmental Protection Agency in 2000. The report contains specific language to better inform the District's customer base regarding the quality of water delivered, and denotes any risks from contaminants that may be found in the water. This is the 7th year the District has completed the CCR. In the past, the District has received very little feedback from its customers on the actual report or its contents. The CCR also contains information that is not required but that the District feels is useful regarding water quality.

Ms. Downing asked if a record is kept of questions or concerns made by District customers during the year regarding water quality. She would like to see articles in the CCR or newsletter addressing customer questions or concerns.

E. Approval of Advanced Replenishment Contract with the Central Arizona Groundwater Replenishment District.

Mr. Tripp made a motion to approve the Advance Replenishment Contract with the Central Arizona Groundwater Replenishment District for a replenishment volume that equates to no more than \$33,000. Mr. Offret seconded the motion. Motion passed unanimously.

F. Approval of Amendment No. 3 to the Professional Engineering Services Contract for the Northeast Water Reservoir.

Mr. Tripp made a motion to approve Amendment No. 3 to the Professional Engineering Services contract with HDR Engineering, Inc. (HDR) for the Northeast Water Reservoir that provides for a no-cost contract time extension that establishes a new contract completion date of December 31, 2005. Mr. Offret seconded the motion. Motion passed unanimously.

G. Approval of Variable Frequency Drive Purchase for the Hub 5A Well.

Mr. Tripp made a motion to approve the purchase of a VFD for the Hub 5A well from Border States Electric in an amount not to exceed \$22,000 and to authorize the General Manager to approve change orders up to \$2,000. Mr. Offret seconded the motion for purpose of discussion.

Mr. Offret said he wants to make sure this variable drive does not cause problems for the customers living near the Hub 5A well site. Mr. Hill explained that there is no physical sound made by the VFD. He said that it is possible that it will interfere with AM radios within 100 feet of the VFD. Steve Shepard, Utility Superintendent said that 25 feet from the actual wall surrounding the well is a house. He noted that there is a harmonics filter installed to mitigate this problem. Mr. Shepard said the filter in the VFD could be changed or another filter could be added if the VFD does cause problems; however, that would be an additional cost.

Motion passed unanimously.

H. Consultant Selection for Miscellaneous Design Services for Fiscal Year 2005/2006.

Mr. Tripp made a motion to approve the Engineering Consultant ranking, and direct District staff to proceed with developing an acceptable design contract agreement (contract and salary rates) with the top ranked firm, Stantec Consulting, Inc., for Miscellaneous Water Distribution Design Services. If staff is unable to negotiate an acceptable design contract agreement with Stantec, then staff has the authorization to negotiate with the next highest ranked firm, and continue the process, if necessary, until an acceptable design contract agreement is obtained. Staff shall submit the final negotiated design contract agreement to the Board of Directors for approval. Mr. Offret seconded the motion.

Mr. Offret asked if the individuals that reviewed the contract proposals were District employees. Charlie Maish, District Engineer, replied yes.

Mr. Stratton said staff discussed the possibility of looking at a new consultant based upon the District's options. Based upon Mr. Maish's conclusion from the analysis of the contract proposal reviews, Mr. Stratton said Stantec is still the best consultant because they have the staff available and know how the District operates.

Motion passed unanimously.

I. Consultant Selection for Miscellaneous Survey Services for Fiscal Year 2005/2006.

Mr. Tripp made a motion to approve the Engineering Consultant ranking, and direct District staff to proceed with developing an acceptable survey contract agreement (contract and salary rates) with the top ranked firm, MMLA Psomas, for Miscellaneous Survey Services. If staff is unable to negotiate an acceptable survey contract agreement with MMLA Psomas, then staff has the authorization to negotiate with the next highest ranked firm, and continue the process, if necessary, until an acceptable survey contract agreement is obtained. Staff shall submit the final negotiated survey contract agreement to the Board of Directors for approval. Mr. Offret seconded the motion. Motion passed unanimously.

J. Approval of Amendment No. 2 to the Miscellaneous Geotechnical & Material Testing Services Contract with ConformaTech, Inc.

Mr. Tripp made a motion to approve the contract Amendment No. 2 to the Miscellaneous Geotechnical Services Contract with ConformaTech, Inc., which establishes a new contract expiration date of June 30, 2006 and increases the total contract amount to \$75,000.00. Mr. Offret seconded the motion. Motion passed unanimously.

K. Award of the Construction Contract for the Tucson National / Westward Look / La Colina Mainline Replacement.

Mr. Tripp made a motion to approve the construction contract for the Tucson National / Westward Look / La Colina Mainline Replacement (M-01-01) to Mariacher Corp./SBBI, Inc., in the amount of \$841,514.00, 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 \$25,000.00 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. Mr. Offret seconded the motion.

Mr. Doyle said he realizes the cost of steel has increased significantly, and asked if the District is comfortable with the use of pvc pipe. Mr. Maish said 90% of the pipe installed by the District is currently pvc, and it continues to be used widely within the construction industry.

Motion passed unanimously.

L. Update on Hub Well No. 3 and New Hub Well No. 7.

Mr. Hill said the District is hopeful to have a signed contract tonight. Anticipated cost for arsenic treatment is between \$235,000 to \$575,000. Staff will be meeting internally to look at the best treatment option. Mr. Hill said that arsenic treatment vendors are understandably busy at this time and staff is also working diligently to meet arsenic treatment compliance timelines of January 2006.

V. General Manager's Report

Mr. Stratton said he is proud to announce the recognition that Chris Hill received at last week's Arizona Water and Pollution Control Association's (AWPCA) annual conference. Mr. Hill was given the prestigious Nathan Burbank Environmental Educator Award. The award was provided for Mr. Hill's efforts to promote continuing education among water professionals in Arizona. He was also presented with the Select Society of Sanitary Sludge Shoveler Award for volunteering within the organization and promoting the image of AWPCA. The conference was well attended with over 700 attendees. In addition to attending the AWPCA conference, Mr. Stratton also met with the Water Utility Counsel on Wednesday morning.

Mr. Stratton noted that Mr. Tenney attended Earth Day at the Pima Community College Northwest Campus last Thursday and oversaw a table display promoting water conservation.

At the May 5, 2005 Central Arizona Project Board meeting, Mr. Tenney gave a presentation regarding the background information to the commitment made for a CAP reliability feature for the Tucson area. Mr. Stratton said that Mr. Tenney also discussed the efforts of the Northwest municipal water providers to secure a Northwest Reliability Reservoir. Mr. Tenney explained that he worked on this project in conjunction with Mark Myers and Eric Holler. Mr. Offret asked if specifics were addressed during the presentation, and if the CAP Board carried any influence with the federal government agencies. Mr. Tenney replied yes to both questions and added that they wanted to provide another presentation to the CAP Board before the end of the year.

Mr. Stratton explained that per the Board's request staff created a report outlining and tracking items and projects needing action on that are requested by the Board. Mr. Stratton asked the Board to provide comments to him on the tracking report after they have had a chance to review it.

Mr. Stratton noted that several vacant positions have occurred in the District in recent weeks. Staff will be conducting interviews for the positions of customer service representative, draftsperson, and second shift utility person.

There was a staff luncheon held at the District office last week and Mr. Stratton said the employees enjoyed and appreciated the luncheon.

Mr. Stratton said that he and Chris Hill will be in San Francisco the week of June 13 through June 16, 2005 to attend the American Water Works Association Annual Conference and Exposition. He noted that a division manager will attend the June 13, 2005 Board of Director's meeting in his place.

Yesterday's Accent Section of the Arizona Daily Star featured an article on Keri Sylvan and her struggles with being a mother and working professional in honor of Mother's Day. Michael McNulty noted that Ms. Sylvan has returned to work on a part time basis.

Mr. Offret said on a recent billing the water consumption history was missing. Mr. Land explained that one billing cycle was mailed out without the history because of the implementation of the new billing system software. He said that the issues with the consumption history graph have hopefully been corrected.

VI. Legal Counsel's Report

Michael McNulty, Lewis & Roca, said he is currently working on the analysis of the Metropolitan Water Company's agreements with customers that receive free water in exchange for property. He explained that he should have information on this issue for the Board at its June 13, 2005 meeting. Mr. McNulty noted that he is also working at this time on another annexation agreement for the District.

VII. Future Meeting Dates; Future Agenda Items

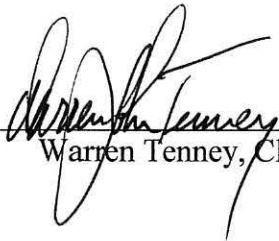
The next regular meeting of the Board is June 13, 2005 at 6:00 p.m. A study session is scheduled for May 23, 2005 to wrap up the budget and discuss merit awards and cost of living increases.

VIII. General Comments from the Public

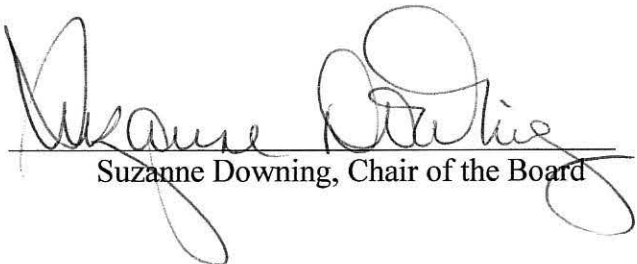
Mr. Schuh commented that the District should make more readily available the Board reports for the public prior to the Board meetings. He suggested have the report book available in the District office lobby.

IX. Adjournment

The meeting adjourned at 7:04 p.m.



Warren Tenney, Clerk of the Board



Suzanne Downing, Chair of the Board