

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

**July 11, 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  
   Keri Silvyn, Legal Counsel  
   Warren Tenney, Clerk of the Board  
   Alice Stults, Recorder

**Executive Session**

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

James Tripp, Vice Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:05 p.m. James Tripp, Jim Doyle, and Judy Scrivener were present. Suzanne Downing and Dan M. Offret were not present at roll call. Dan M. Offret arrived at 5:08 p.m. Suzanne Downing arrived at 5:40 p.m.

Ms. Scrivener made a motion to adjourn into executive session. Mr. Doyle seconded the motion. Motion passed unanimously.

**II.     Executive Session**

Executive Session pursuant to A.R.S. § 38-431.03 (A)(1) (discussion or consideration of personnel matters) and A.R.S. § 38-431.03 (A)(3) (consultation for legal advice with District Legal Counsel), and A.R.S. § 38-431.03 (A)(4) (consultation with legal counsel regarding contracts that are in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation) regarding the following:

- A. Agreements by Metropolitan Water Company to Acquire Property in Exchange for Free Water.**
- B. General Manager's Quarterly Review.**

The executive session adjourned at 6:06 p.m.

### **Regular Session**

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

James Tripp, Vice Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:09 p.m. Suzanne Downing, James Tripp, Jim Doyle, Dan M. Offret, and Judy Scrivener were present.

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

There were no comments from the public.

#### **III. Consent Agenda**

- A. Approval of Minutes – June 13, 2005 Study Session.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bill of Sale – Sun Professional Center**

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.**

Mark Stratton, General Manager, said that last week the District exceeded its normal summer high water demand due to the warmer weather. He explained that once the monsoons begin it is anticipated water usage will decline.

Mr. Offret noted that Dar-Hil had struck a District mainline and asked whom they were working for. Steve Shepard, Utility Superintendent, replied that Dar-Hil was contracting for Pima County and there was an error in the blue stake which attributed to the incident. Mr. Shepard said the repair cost for the District was between \$100 and \$200.

Ms. Downing asked if blue stake errors occur frequently. Charlie Maish, District Engineer, said blue stake errors do not occur often. Mr. Stratton explained that some of the records inherited by

the District are old and not completely accurate; however, the records are updated whenever possible. Ms. Downing asked about the equipment used to conduct blue staking. Mr. Shepard said the District has fairly new equipment which is effective and appropriate for the Tucson area.

**B. Financial Report.**

Mike Land, Chief Financial Officer, noted that the revenues over the past month continued to exceed expenditures. There were approximately 193 new connections for fiscal year 2004-2005 which was slightly higher than the number of new connections in 2003-2004.

Mr. Land said the legal firm handling the bankruptcy of one of the District's investments through the Arizona State Treasurer has scheduled a conference call for Wednesday, July 13, 2005 to discuss the District's share of monies that will be available from an accounting firm settling its role in the bankruptcy. The District previously received a portion of the bankruptcy proceeds.

Ms. Scrivener asked when the financial audit of the District would be completed. Mr. Land said the draft audit should be completed the end of August or first part of September.

**C. Approval of Contract for Water Policy Consulting.**

Mr. Offret made a motion to approve a one year contract extension with Mark Myers for water policy consulting for the period of July 1, 2005 to June 30, 2006 for an amount of \$25,000 which will be paid monthly. Ms. Scrivener seconded the motion. Motion passed unanimously.

**D. Consultant Selection for Miscellaneous Water Resources Consulting Services Contract.**

Mr. Offret made a motion to approve the selection of Hargis + Associates, Inc. for Miscellaneous Water Resources Consulting Services Contract. If contract negotiations are unsuccessful with Hargis + Associates, Inc., then District staff should proceed with contract negotiations with Brown and Caldwell, Inc. A final contract and fee schedule will be presented to the Board for approval. Ms. Scrivener seconded the motion. Motion passed unanimously.

**E. Status of Regional Water Discussions.**

Mr. Stratton said that he and Warren Tenney, Assistant to the General Manager, have been working with Southern Arizona Water Utilities Association (SAWUA) members in regards to establishing a regional water authority. One of the remaining issues being discussed is water utilities are realizing that in order for this entity to be successful it should consist of public utilities that have an assured water supply designation; however, private utilities want to be included. Mr. Stratton said regional cooperation is important for the purpose of securing future renewable water supplies in the Tucson region.

Mr. Tenney said the discussions are reaching the same conclusions as during 2004 when the discussion included Metro Water, Oro Valley, Marana and Tucson. Members of SAWUA that have been discussing the regional water authority are currently putting together a position paper. Mr. Tenney said the information will be presented to the Board when it becomes available.

**F. Discussion of Short-Term and Long-Term Water Resource Management.**

Mr. Stratton said the subject of the District's short-term and long-term water resource management plan to reduce reliance on groundwater was last discussed with the Board two years ago. Many of the issues remain the same; however, more detailed and current information has been made available regarding groundwater level changes within the District and CDO Basin. Mr. Stratton said the decline in water levels within the CDO is quite disturbing, as is the overall ground water levels within the District, which are declining quite rapidly. Playing a major role in the impact of the declining water levels is growth not only within the District but also in areas surrounding the District, as well as the drought. Mr. Stratton emphasized that the District needs to continue its efforts to utilize its CAP allocations and continue efforts for the construction of a Reliability Reservoir. The financing potential of bringing CAP water into the District remains a major challenge. One of the main questions is does the District complete the task alone, or seek additional financial assistance from surrounding area utilities which have indicated their involvement interest. These entities have also expressed the need to advance the timeline in the design and construction of a transmission main pump station and service water treatment plant. Federal financial assistance may be available for the pipeline to deliver CAP; however, it would not be available for the treatment plant or reservoir. Mr. Stratton explained that Eric Holler, Bureau of Reclamation, provided a draft schedule to enable the Northwest providers a more definite time frame for completion of the project. Mr. Stratton said that the plan is fairly aggressive.

**G. Status of New Well Installations – Hub No. 7 and Tucson National West Replacement Wells.**

Mike Block, District Hydrologist, explained that at Hub No. 7 the water quality has been tested at frequent intervals during the drilling. He said that arsenic levels have continued to be down at all levels being tested. At the present time, flow rates and water quality appear to be of sufficient quantity and quality. Mr. Block provided the Board with information regarding earth materials and water samples taken from the ground during the drilling of Hub No. 7 well.

Gary Burchard, Hydrologist II, said the drilling equipment has been taken down at the Hub No. 7 well site and will now be moved to the Tucson National West site. It is anticipated that later this week the drilling activities will begin at that site. Mr. Burchard noted that the pump will be placed this week in the Hub No 7 well and the District should know within the next couple of weeks the exact water quality and quantity.

**H. Status of Arsenic Treatment for Hub Well No. 3.**

Chris Hill, Deputy Manager, said that while the results of Hub No. 7 are encouraging regarding acceptable arsenic levels, Hub No. 3 will require arsenic treatment. Staff is in the process of interviewing potential vendors and arsenic treatment methods. Mr. Hill noted that the acquisition of the land for the Hub Well No. 3 delayed the District's efforts; however, it is believed that the District will still be able to meet the arsenic compliance timeline of January 23, 2006.

**V. General Manager's Report**

Mr. Stratton said Water Infrastructure Finance Authority (WIFA) representatives met with District staff to review the technical aspects of the projects that the District is looking at for funding. The District has submitted the technical information and forms to WIFA. The insurance on the bond still remains to be determined. It is anticipated the District is looking at a September 2005 closing date for the financing, and it is anticipated that some of the projects could begin in October or November 2005.

Mr. Stratton said staff has been examining a fire suppression system in the District's computer room. One of the key issues is weighing the value of the computer hardware against the cost of a fire suppression system which has shown to be a substantial cost. Staff has established a back-up computer system in the event something catastrophic was to occur in the computer room. The phone system is also located in the computer server room and staff is addressing a back-up plan for continuing District business should the phone system sustain damage also.

Mr. Stratton said the District has recently received a number of calls regarding "cloudy water" from a particular area of the District. All of the District wells in the area have sand separators in the bottom which, during times of heavy water usage demands, can create additional air into the system resulting in "cloudy water". Staff is looking at solutions to mitigate this issue in the future.

Charlie Maish, District Engineer, said the contractor who received the bid for the District's Tucson National/Westward Look mainline replacement contract is unable to provide adequate bond insurance coverage for the project. A deadline has been established for the contractor to provide proof of insurance; however, it does not appear that this will happen. Staff will keep the Board apprised as to the status of this project.

**VI. Legal Counsel's Report**

Keri Silvyn, Lewis & Roca, explained that she did not have anything at this time to report.

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

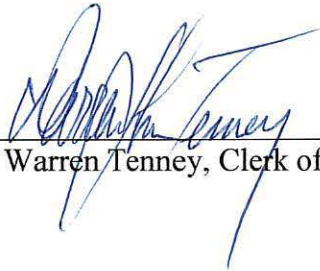
The next regular meeting of the Board is August 8, 2005 at 6:00 p.m.

**VIII. General Comments from the Public**

There were no comments from the public.

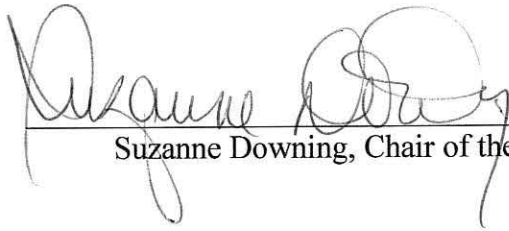
**IX. Adjournment**

The meeting adjourned at 6:58 p.m.



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Warren Tenney, Clerk of the Board



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Suzanne Downing, Chair of the Board