

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

November 14, 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
 Judy Scrivener, Member

Not Present: Dan M. Offret, 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

Suzanne Downing, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:04 p.m. Suzanne Downing, James Tripp, Jim Doyle, and Judy Scrivener were present. Dan M. Offret was not present.

Mr. Tripp made a motion to adjourn into executive session. Ms. Scrivener 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)(7) (consultation regarding negotiations for the purchase, sale, or lease of real property) regarding the following:

- A. General Manager's Quarterly Review.**
- B. Bond Covenants and Transfer of Assets.**

The executive session adjourned at 5:40 p.m.

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 6:00 p.m. Suzanne Downing, James Tripp, Jim Doyle, 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 – October 12, 2005 Board Meeting.**
- B. Approval of Minutes – October 26, 2005 Public Hearing.**
- C. Ratification of Billing Adjustments.**
- D. Ratification of Bill of Sale – Block 3, Riverside Crossing, Lots 1-87.**
- E. Ratification of Bill of Sale – Foothills Mall Revision #19.**
- F. Ratification of Bill of Sale – La Naranja Medical Center.**
- G. Approval of Water Service Agreement – Waterline Extension for 6440 N. Corona.**

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 that due to higher than normal temperatures during October 2005 there was an increase in water demand compared to the same time period last year.

Mr. Stratton explained that most of the capital improvement projects (CIP) included in the 1999 bond election have been completed. Ashton Construction is currently working on the South Shannon treatment system.

Mr. Stratton said bidding will begin during the first part of 2006 for the Northwest Booster Station. The Northwest Reservoir will be constructed out of concrete, and due to lingering effects of Hurricane Katrina, staff is watching the cost and availability of concrete.

The second construction bid for the Tucson National/ Westward Look mainline project has been completed. Mr. Stratton said staff is attempting to determine if the District can collect monies from the first contractor that received the bid but could not complete the work due to not being able to secure acceptable security bonds.

B. Financial Report.

Mike Land, Chief Financial Officer, said that for the first quarter of fiscal year 2005-2006 revenues exceed expenditures, which are under budget at this time. The District has received 93 meter applications thus far for 2005-2006, and is on track with the 250 new meter applications that were included in the budget.

C. Approval of Audit for Fiscal Year 2004-2005.

Mr. Tripp made a motion to approve the audited Financial Statements of the District for fiscal year 2004-2005. Ms. Scrivener seconded the motion. Motion passed unanimously.

D. Customer Account Dispute – Highgate Homeowners Association.

Charlene Dufresne, Copper Rose Community Management, representing the Highgate Homeowners Association (HHOA), explained that on behalf of the HHOA she was requesting an adjustment be made to the HHOA water bills. She said the bill received for the HHOA in July 2005 was for \$1,209, the bill for August 2005 was \$1,195, and the September 2005 bill was for \$712. The bill is typically between \$13 and \$40 per month. Staff from Copper Rose called their landscaper to check for leaks in the irrigation equipment, and then contacted their pool maintenance company to check for leaks or problems. After finding no leaks or problems, Copper Rose contacted Metro Water the last part of August 2005 and informed them of the high water usage. Ms. Dufresne said at that time Metro put a data logger on the meter. She believed that with using the amount of water the meter indicated had passed through that the water should have shown up somewhere, and no evidence of excess water was found on the property. The HHOA only has arid landscaping. Ms. Dufresne noted that District staff indicated it does not provide for billing adjustments on commercial accounts. She does not believe that this property should be classified as a commercial account. Since each homeowner in the HHOA will have to pay a portion of the high water bills, their HHOA dues will increase. Ms. Dufresne said she is seeking relief from paying the total amount due, or an averaging over a period of time for the amount due. Ms. Dufresne explained that it is her understanding the District typically changes the meters out after 1,400,000 gallons. The meter at Highgate indicated 1,334,000 gallons of water usage, and has been changed out.

The President of the Highgate Homeowners Association said there are only 41 homes in the HHOA. The annual budget for water for an entire year is \$1,100. Mr. Matlock explained that the highest water bill received by the HHOA in the past was \$71. The only item water is used for on this meter

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is the drip system for the arid landscaping. He does not understand where the water could have been used or where it could have gone.

Gerald Matlock, resident of Highgate, said that he understands that if water meters do fail they fail in the customers favor. He questioned the process between the reading of the meter and the invoicing of the bill. The area in question is highly traveled and no one observed running or leaking water in the area during June, July or August 2005. He also asked for consideration of special circumstances in this issue.

Steve Shepard, Utility Superintendent, said that after the District received a telephone call of abnormally high usage, staff followed up with a standard service order. Staff did not observe any visual indications of leaks or excessive water being used. After a second call from the HHOA was received, a data logger was placed on the meter, and normal usage was indicated. Mr. Shepard said he personally checked the data logger information and could not find any problems, and responded to the location to check for leaks or problems and none were found. From the time the District received the first call from the HHOA indicating the high water usage, the usage had returned to normal.

Mr. Land verified the dates of the phone calls, dates the service orders were completed, and the date the data logger was placed on the meter. He explained that the water did go through the meter, and when the District completed its investigation water usage was back to normal. Mr. Land noted that the high usage was for June, July, and August, the hottest months of the year, and that if there was a leak underground the water may have not come to the surface and would not have been visible to passersby.

Ms. Downing verified that the only thing connected to this meter was for irrigation. She asked if the water could have just gone into the ground, and why, if there was a problem, the leak no longer exists. Mr. Shepard said that staff has been unable to answer this question. He noted that the meter was tested twice for accuracy.

Mr. Matlock provided dates and times the landscape is typically irrigated. He believes the leak occurred between the meter and the water controller for irrigation.

The President of the HHOA explained that they only meet every other month and did not know until August 2005 that there was a problem when they were notified by the Copper Rose Community Management. He does not believe the HHOA should be considered a commercial account. He also noted that with the amount of water that he believes flowed through the meter would have made an enormous puddle or would have to be visible flowing on top of the ground.

Mr. Doyle said that it does not matter how often the HHOA meets, they have a responsibility to pay attention to their water usage which is indicated on their bill. The person responsible for paying the bill should have been aware of the large increase in the amount and questioned the first bill

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received. Mr. Doyle noted that this was a waste of a valuable natural resource. He has never seen a meter fail and show more flow, it is always indicates less flow if there is a problem with the meter. There is a lot of ways water can run, and the ground and soil is subject to numerous variables, such as the water following underground along a sewer line or other utility, bedding materials that have been used, etc. Mr. Doyle said that from the amount of water that was used per month, it could have easily followed another underground utility. Mr. Doyle said he believes the management company and/or the HHOA allowed the high water usage to go too long before it was brought to the attention of the District.

Mr. Tripp said that he also has managed a HOA for 12 years, and the first month they would have received a high water bill he would have been reading meters and checking for problems. He believes also that Copper Rose Community Management should have had someone there immediately, on receipt of the first bill, to check for problems or notify the District and not to wait for three months. Mr. Tripp said that he has had an incident of high water usage where the water was following an underground sewer line. Mr. Tripp asked if the management company or HHOA looked at the meter as soon as they received the first high water bill to see if the meter was continuously running. He believed that this should have been the first thing that should have been checked. Ms. Dufresne said she did not know. She said that the landscaper has since replaced the timer on the irrigation system.

Ms. Downing said she does not want this type of thing to happen again and asked what could be done to ensure it will not happen again. She asked if they have had a licensed plumber check the system. Ms. Dufresne replied no, they only had the landscaper and pool man check for leaks. Ms. Downing suggested they have a licensed plumber come out and check the system and water lines. She asked what it would take to solve the immediate problem with the HHOA, and what they wanted in the way of compensation. Ms. Dufresne said the HHOA wanted the water bills for the three months of high usage pro-rated to that of the monthly average.

Mr. Hill suggested simulating that type of flow rate before and after the control valve at Highland to determine where the water went, since the flow is no longer an issue. Mr. Doyle noted that over the amount of time the water went through the meter that it was not a large flow amount.

Mr. Land explained that since June 1998 when the Board previously discussed the issue of providing credit to anyone other than a single family resident, including apartments and HOA, that credits would only be issued to single family residents. Mr. Land noted that Highlands does have landscapers, pool maintenance people, etc., just as do commercial accounts. On a single family resident the District typically discounts the first month, and on the second and third months the District would probably calculate the usage at its lowest commodity rate.

Ms. Downing said she wants the Board to rethink the single family dwelling, and does not believe the HHOA used the water. Ms. Downing asked Mr. Land to calculate what the District would allow to a single family resident. She asked the HHOA to consider what they would accept monetarily

and suggested the Board discuss this item again once Mr. Land could provide the information. Ms. Silvyn said that because the Board has an existing policy regarding billing adjustments, any action that the Board wants to take that would differ from that policy, would need Board approval.

A resident from the Highgate HOA noted that in the past she was notified that she had used an unusually high amount of water, and asked why the HHOA was not notified by the District regarding the high consumption. Mr. Doyle said that he disagrees with this, as the HHOA itself was made aware on the first bill in July that they had used an abnormally large amount of water, but did not call Metro Water until August 29, 2005. Mr. Land explained that when the District calls a customer regarding high consumption, this is done only as a courtesy, and not by policy. When the first high bill was paid without question, the District would not have questioned further bills at the higher cost because of the averaging of the bill.

Ms. Downing said that at this time she would like the Board to vote on changing the previous Board policy. Ms. Silvyn explained that at this time the Board can not review the policy as this issue is not noticed on the present Board agenda. She explained that if the Board wants to take action on this particular case that is different from the intention of the existing policy, then a motion and approval from the Board to take that action on this particular case at this time needs majority approval by the Board.

Ms. Downing asked that staff provide the amount of adjustment that the District would typically provide to a single family resident, and that a meeting with the HHOA be scheduled with the Board to discuss that amount of adjustment. At that time the Board may consider a motion.

Ms. Scrivener said she preferred to table this item until a later date when the Board has additional information. She suggested that the water not be turned off for non-payment for the time being. Mr. Land suggested that the late fees assessed to HHOA be reversed at this time.

Ms. Scrivener made a motion to table the Highgate Homeowners Association account dispute for thirty days. Mr. Tripp seconded the motion. Motion passed unanimously.

E. Approval of Lobbyist for 2006 Legislative Session.

Mr. Tripp made a motion to approve the continuation of Gallagher & Kennedy as the lobbyist for the District. Staff feels it is beneficial to continue a relationship with a lobbyist who is already familiar with the District, understands water issues, and is well respected with the Legislature. Mr. Doyle seconded the motion. Motion passed unanimously.

F. Resolution 2005-6 – Application for Membership in Central Arizona Groundwater Replenishment District for Metro-West.

Mr. Tripp made a motion to approve Resolution 2005-6 for the purpose of applying for membership with the Central Arizona Groundwater Replenishment District for Metro-West as a member service area. Ms. Scrivener seconded the motion. Motion passed unanimously.

G. Renewal of New Joint Funding Agreement with United States Geological Survey and Update on the Lower Cañada Del Oro Basin Aquifer Storage Monitoring Project.

Mr. Tripp made a motion to approve the renewal of joint funding agreement between the United States Geological Survey and the Metropolitan Domestic Water Improvement District. The contract will expire on September 30, 2006 subject to annual renewal by the Board. The District's contribution will not exceed \$15,000 and be contingent upon matching funds from the USGS, the Town of Oro Valley, and the Town of Marana. Ms. Scrivener seconded the motion.

Ms. Downing asked when the District would know if the other entities would match the District's funding. John Hoffmann, USGS, said all the entities have officially indicated their commitment. The United States Geological Survey (USGS) will provide invoices to all the entities. This three year agreement has previously been signed by the other participating entities.

David Schmerge from USGS provided Board members with maps indicating changes in elevation in the Lower Cañada del Oro Subbasin, changes in the aquifer storage in the Tucson Basin, and absolute gravity stations in the Tucson Active Management Area. He noted that staff from USGS has recently looked more closely at land subsidence. The changes in elevation in the Lower Cañada del Oro Subbasin could be the result of or a combination of land subsidence, measurement errors, and/or seasonal deformation (as with the earth compacting or expanding.) USGS will continue with on-going monitoring to look at trends and gather more information on land subsidence. Mr. Schmerge explained that elevation measurements are taken to study aquifer change and land subsidence so that they can forecast changes in the aquifer. The aquifer storage loss will be greater than originally anticipated; however, not all of the calculations have been combined and data completed at this time. USGS has obtained new and updated equipment that they will be using in combination with their old equipment and will provide periodic updates to the District.

The motion passed unanimously to approve the renewal of the joint funding agreement between the United States Geological Survey and the Metropolitan Domestic Water Improvement District. The contract will expire on September 30, 2006 subject to annual renewal by the Board. The District's contribution will not exceed \$15,000 and be contingent upon matching funds from the USGS, the Town of Oro Valley, and the Town of Marana.

H. Amendment to Kai Groundwater Savings Project Agreement.

Mr. Tripp made a motion to approve the amendment to the agreement between the District and the Herb Kai to store 4,929 acre-feet and that the agreement be in effect until December 31, 2006,

unless renewed by the District and Herb Kai for an additional year.. Ms. Scrivener seconded the motion. Motion passed unanimously.

I. Renewal of Right of Entry Agreement for Monitoring Access by the Arizona Department of Environmental Quality.

Mr. Hill explained that the expiration date of December 31, 2011 stated in the Board report was incorrect. December 31, 2010 is the correct expiration date.

Mr. Tripp made a motion to approve the renewal of the Access Agreement between the Arizona Department of Environmental Quality and the District with an expiration date of December 31, 2010. Ms. Scrivener seconded the motion. Motion passed unanimously.

J. Revised Amendment to Contract with Layne Christensen for Additional Well Development Work at Hub Well No. 7.

Mr. Tripp made a motion to rescind the September 12, 2005 contract amendment with Layne Christensen. Ms Scrivener seconded the motion. Motion passed unanimously.

Mr. Tripp made a motion to approve a contract amendment with Layne Christensen in the amount of \$111,200 and if necessary, utilize up to \$13,622 from the contingency fund to pay for additional work at Hub Well No. 7. Ms Scrivener seconded the motion. Motion passed unanimously.

Ms. Downing asked what additional work is needed. Mr. Hill explained there was a change in the acid being used at Hub Well No. 7.

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

Mr. Tripp made a motion to approve award of the construction contract for the Tucson National / Westward Look / La Colina Mainline Replacement Project to Sun Western Contractors for Industry, Inc. in the amount of \$759,803.00, 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 \$120,000.00 and 2) increase the original construction contract term a cumulative amount not to exceed ninety (90) calendar days. Any changes in excess of the above limits will be submitted to the Board of Directors for approval. Ms. Scrivener seconded the motion. Motion passed unanimously.

L. Amendment for Annual Renewal of Professional Services Agreement with Kennedy Jenks Engineering for Auxiliary Power/Pump.

Mr. Tripp made a motion to approve to extend the Professional Services Agreement to June 30, 2006 with Kennedy Jenks Engineering for auxiliary power professional consulting services, with

the original contract amount remaining at \$80,000. Ms. Scrivener seconded the motion. Motion passed unanimously.

V. General Manager's Report

Mr. Stratton said there was nothing new to report at this time. He noted that the staff Thanksgiving luncheon is Tuesday, November 22, 2005 at 12:00 p.m. and invited Board members to attend.

VI. Legal Counsel's Report

Keri Silvyn, Lewis & Roca, explained that Michael McNulty is working with Pima County on the Intergovernmental Agreement (IGA) for Tucson National.

VII. Future Meeting Dates; Future Agenda Items


The next regular meeting of the Board of Directors is December 12, 2005 at 6:00 p.m.

VIII. General Comments from the Public

Reb Guillot, Hub customer, said Metro Water is changing out meters in the Hub service area and it appears staff is doing a good job. He noted that he has not heard any complaints from other customers in the Hub service area.

IX. Adjournment

The meeting adjourned at 7:12 p.m.



Warren Tenney, Clerk of the Board



Suzanne Downing, Chair of the Board