

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

May 11, 2009

**** Board Room ****

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

MINUTES

Board Members Present: Jim Doyle, Chair
James Tripp, Vice Chair
Bryan Foulk, Member
Reb Guillot, Member
Dan M. Offret, Member

District Staff: Mark Stratton, General Manager
Michael McNulty, Legal Counsel
Warren Tenney, Clerk of the Board
Alice Stults, Recorder

Executive Session

I. Call to Order and Roll Call

Jim Doyle, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:00 p.m. Jim Doyle, James Tripp, Bryan Foulk, Reb Guillot, and Dan M. Offret were present.

Mr. Tripp made a motion to adjourn into executive session. Mr. Offret seconded the motion. Motion passed unanimously.

Executive Session pursuant to A.R.S. § 38-431.03 (A) 3 (consultation for legal advice with District Legal Counsel), A.R.S. § 38-431.03 (A) 4 (consultation regarding contracts that are in pending or contemplated litigation or in settlement discussions) regarding the following:

- A. Contract Disputes with Sun Western Contractors.**
- B. Possible Legal Dispute Concerning Property Located at 6700 N. Oracle Road.**

II. Adjournment

The executive session adjourned at 5:43 p.m.

Regular Session

I. Call to Order and Roll Call

Jim Doyle, 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. Jim Doyle, James Tripp, Bryan Foulk, Reb Guillot, and Dan M. Offret were present.

II. General Comments from the Public

Bill Osterbaan, District customer, asked for the Board to consider a reduction in the amount that he has to pay for a new water meter. He explained that he currently receives water from his private well, and the water level in his well has significantly declined. Since Mr. Osterbaan cannot afford to drill a new well, he indicated that he will have to connect to the District's transmission line. To accomplish this, Mr. Osterbaan said that he was advised to hire a civil engineer that cost over \$3,000.00, and the cost for pipe to connect to the District's water line is over \$2,000.00. The District's cost for a new water meter is \$2,356.00. Mr. Osterbaan asked that the District help pay part of his costs.

III. Consent Agenda

- A. Approval of Minutes – April 13, 2009 Board Meeting.**
- B. Approval of Minutes – April 27, 2009 Study Session.**
- C. Ratification of Billing Adjustments.**

Mr. Tripp made a motion to approve the consent agenda. Mr. Offret 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 water production in April 2009 continued to be down substantially compared to the same month last year, resulting in fewer revenues than anticipated. He explained that this will have a definite affect on the carryover balance at the end of the current fiscal year.

The Ina/La Cañada Mainline Replacement project will begin around the first of June 2009. Mr. Stratton said the District will be going out for bid on the La Cañada Transmission Main and Water Line Relocations next week.

Mr. Guillot asked about the decline in water use in the Metro-Hub service area. Mr. Stratton noted that it is substantially down, along with Metro-Main, and this could be due to several factors.

B. Financial Report.

Mike Land, Chief Financial Officer, said water sales are considerably under budget. April 2009 bulk water sales are even down by \$970 compared to the water sales in April 2007. Mr. Land said for the first week of May 2009 water sales were down by 9%, even though the average temperature is higher than normal. Mr. Land said there have been 12 new meter installations, an increase from the recent months.

C. Interest Rate for Customers Deposits.

Mr. Tripp made a motion that the interest rate applied to customer deposits be changed to 2% per annum, effective immediately. Mr. Foulk seconded the motion. Motion passed unanimously.

D. Identity Theft Prevention Program.

Mr. Tripp made a motion to approve the Identity Theft Prevention Program for the District as mandated by the Federal Trade Commission, with an effective date as of May 1, 2009. Mr. Foulk seconded the motion.

Mr. Offret asked about the period of inactivity for screen savers for computers. Mr. Land said that it would be set at 5 minutes or under.

Mr. Land noted that a representative from the Sheriff's Office contacted Metro Water and said one of our customers' neighbors had stolen her identification and was using it. Also, Mr. Land said that Customer Service recently had a customer who provided the wrong social security number when attempting to open a water account.

Motion passed unanimously.

E. Status of Public Hearing for Proposed RTA Waterline Relocation Fee.

Mr. Stratton said that fliers began being mailed out today to District customers notifying them of the public hearing scheduled for June 8, 2009 at 6:00 p.m. Per State statutes, Pima County has also been notified of the public hearing.

Mr. Offret asked if it would be possible to get an article in the Explorer newspaper regarding this item. Warren Tenney, Assistant General Manager, replied that staff would check into this, and asked if this should be done prior to the public hearing, or afterwards. Mr. Foulk believes that it may be better to do it after the public hearing, and the Board agreed.

F. Discussion and Direction for Legislative Issues 2009.

Mr. Tenney said the Legislature has not taken any action because the budget process is still ongoing. He said that the current concern for the water community is that money would be taken from the Arizona Water Banking Authority (AWBA) to push Arizona Department of Water Resources (ADWR) budget back up. There is an effort by the water community to stop this action, as they do not want ADWR taking funds from the AWBA. Meetings have begun this week in support of this issue.

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

Mr. Tripp thanked staff for a good job on the report. Mr. Offret confirmed that the report would also be sent out to apartment dwellers and others who do not receive a monthly bill. Mr. Tenney replied yes.

H. Consultant Selection for Miscellaneous Survey Services for Fiscal Year 2009-2010.

Mr. Tripp made a motion to approve the Engineering Consultant ranking for Miscellaneous Survey Services, and direct District staff to proceed with developing an acceptable survey contract agreement (contract and salary rates) with the top ranked firm, Stantec Consulting, Inc. If staff is unable to negotiate an acceptable survey contract agreement with Stantec Consulting, Inc., 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.

Mr. Foulk asked how we determined the ranking for the consultant firms. Mr. Maish said that after the four firms submitted proposals, an in-house committee used guidelines to compare and rank the firms.

Motion passed unanimously.

I. Consultant Selection for Miscellaneous Geotechnical & Material Testing Services for Fiscal Year 2009-2010.

Mr. Tripp made a motion to approve the Engineering Consultant ranking, and direct District staff to proceed with developing an acceptable contract agreement (contract and salary rates) with the top ranked firm, Western Technologies, Inc., for Miscellaneous Geotechnical & Material Testing Services. If staff is unable to negotiate an acceptable contract agreement with Western Technologies, Inc., then staff has the authorization to negotiate with the next highest ranked firm, and continue the process, if necessary, until an acceptable contract agreement is obtained. Staff shall submit the final negotiated Miscellaneous Geotechnical & Material Testing contract agreement

to the Board of Directors for approval. Mr. Offret seconded the motion. Motion passed unanimously.

J. Approval of Miscellaneous Annual Services and Material Quotes for the Utility Division Fiscal Year 2009-2010.

Mr. Tripp made a motion to approve the annual quotes for barricade rental, chlorine, aggregate, asphalt patching, fencing, pump and motor repairs, and analytical services for Coliform from the corresponding low bids per items as presented by staff, and direct staff to use another appropriate bidder for a particular service or material if performance or quality of a service of the low bidder does not meet the District's needs. Mr. Offret seconded the motion.

Mr. Foulk asked if the District would go with one company, or separate companies for individual items to be tested or work to be done. Christopher Hill, Deputy Manager, said separate companies would be used for particular testing or services.

The motion passed unanimously.

V. General Manager's Report

Mr. Stratton said District staff recently met to further develop and improve our Emergency Operations Plan to include potential pandemics. Staff continues to work on the plan to protect employees while ensuring continuing services for District customers.

Mr. Stratton explained that the University of Arizona received a grant to install 35 rain gauges in the Metro Main service area. Staff are trying to see how many gauges we can get for the District in the event that more may be available. Currently, a list of potential locations/customers is being compiled.

Mr. Stratton noted that he would work with staff regarding Mr. Osterbaan's concerns stated during the public comment portion of this Board meeting and report back to the Board.

A number of District staff recently attended the annual AZ Water conference in Glendale. The District's men and women pipe tapping teams did very well, as did the individual that competed in the Meter Madness event. Mr. Stratton said that District staff and AZ Water are soliciting funds to help pay for the District staff to travel to San Diego in June 2009 for the national competitions.

Mr. Stratton explained that during the AZ Water conference Christopher Hill received a Life Membership Award for the number of years (30 years) he has been in the American Water Works Association (AWWA). Mr. Stratton also received the George Warren Fuller Award during the conference from AWWA. The award is given each year to section individuals that are recognized for their distinguished service to the water industry.

Mr. Hill said that as mentioned in a previous Board meeting, a customer in the Hub service area had concerns with the chlorine level in their water, and their water being turned off without notification while testing was being conducted to determine the reason for the high chlorine levels. Mr. Hill said that he will be working with Utility staff on handling customer service issues and doing a better job notifying customers of what the District is doing or proposes to do.

Mr. Guillot asked about the incident when the start-up of the Hardy well caused customers water to be cloudy. Mr. Hill said that currently we do not have the resources to address this issue, but staff will work on this item in the upcoming year.

VI. Legal Counsel's Report

Michael McNulty, Legal Counsel, said the Thim Utilities purchase is still on the table. The individual hired by Thim Utilities to address the title issues has been sick and nothing has been done on the purchase recently.

VII. Future Meeting Dates; Future Agenda Items

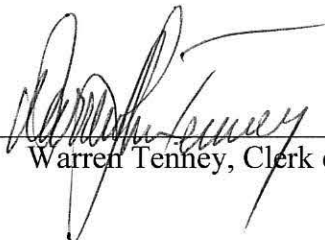
A Public Hearing is scheduled for Monday, June 8, 2009 at 6:00 p.m., with the regular meeting of the Board of Directors immediately following the Public Hearing.

VIII. General Comments from the Public

Staff thanked Alice Stults for a job well done as Recorder for the minutes at the Board meetings. Ms. Stults will be retiring June 2, 2009.

IX. Adjournment

The meeting adjourned at 6:39 p.m.



Warren Tenney, Clerk of the Board



Jim Doyle, Chair of the Board