

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

**March 8, 2010**

**\*\* 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 R. Stratton, General Manager  
John Hinderaker, Legal Counsel  
Warren Tenney, Clerk of the Board  
Tullie Noltin, Recorder

**Regular Session**

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

Jim Tripp, Vice Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 6:01 p.m. James Tripp, Bryan Foulk, Reb Guillot, and Dan M. Offret were present. Jim Doyle was not yet present.

**II. General Comments from the Public**

There were no comments from the public.

**III. Consent Agenda**

- A. Approval of Minutes – February 8, 2010 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Corrosion Monitoring of Transmission Mains.**

Mr. Offret made a motion to approve the Consent Agenda. Mr. Foulk seconded the motion.

Mr. Offret asked Charlie Maish, District Engineer, about the disparity between the bids on the Corrosion Monitoring contract. Mr. Maish said the precise reason is unknown but that particular industry is hurting now and many firms have downsized. The low bid is consistent with the previous monitoring contract about six years ago and the District has grown since then. Mr. Foulk asked if Goudy Engineering will be able to perform the work at the bid cost. Mr. Maish confirmed and added the District has a good rapport with the company.

Motion passed unanimously.

#### **IV. General Business – Items for Discussion and Possible Action**

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

Mr. Stratton said the difference in water produced in February versus January is in part the result of February being a wet month. The Financial reports show a direct correlation between the reduction in production and reduction in revenues. During the same period last year, there was a substantial change in production in both Metro Main and Metro Hub. In the Metro Southwest area no historical data is available but there was a difference between January and February of this year, similar to what was seen in the other service areas.

Mr. Stratton said Metro Southwest customers have now been through a couple of billing cycles, and 25% are receiving delinquent notices. Robin Thim, former owner of the Thim Utilities (now known as the Metro Southwest system) says that number of delinquent accounts is normal. Unlike Thim Utilities, the District has a shutoff policy. Mr. Offret pointed out those customers are not used to being shut off. He asked if staff contacts customers to let them know they are delinquent before they are actually shut off. Michael Land, Chief Financial Officer, said customers receive two bills (with the second showing the past due amount) before receiving a pink shut off notice. He said the District normally does not call about delinquent accounts because the pink notice includes a date and a message to call the office if payment arrangements need to be made, and many do. Mr. Land added there have been a number of calls from Metro Southwest customers calling to pay because they received a pink notice. Warren Tenney, Assistant General Manager, said in January all the Metro Southwest customers received inserts with their statements detailing the District's fees and billing practices.

Jim Doyle arrived at 6:08 p.m.

Mr. Stratton said the water treatment at South Shannon continues as scheduled. The District has ordered carbon change-out and the timing of those remains consistent.

Mr. Stratton said with regards to capital projects, the Northern Hills - Phase II project is moving along and improvements on La Cañada Drive (both the transmission main and waterline relocation efforts) continue.

Mr. Foulk asked if the "Revenue Meter Sales Billed" figure includes Metro Southwest. Mr. Land confirmed the 2010 figure includes Metro Southwest, whereas the 2009 figure did not. Mr. Foulk asked if it would be possible to separate the figures next time. Mr. Land agreed. He recalled the Metro Southwest portion for February 2010 was around \$50,000.

Mr. Offret suggested another format change to the Monthly Status Report. With regards to work/service orders, he would like to see the number of orders generated through customers versus the orders originating through staff. Mr. Land said customer requests or "service orders" come through Customer Service and "work orders" come through the Utility Division. Mr. Offret said he would like to know how many customers are requesting service orders.

**B. Financial Report.**

Mr. Land said revenues are holding fairly strong even with the wet weather. The District is about a half million over budget, mostly due to water sales. Expenditures are now under budget \$94,000 through January, which should improve because the Central Arizona Project (CAP) water purchased account is budgeted for the first half of the fiscal year. The District is a little more than 14% over budget for the first seven months. The budget was very conservative so the District is looking strong. Compared to last year the District is about \$1.6 million over because it is bringing in more and spending less; revenues are \$908,000 over and expenditures are \$790,000 below last year. Cash on hand is close to the \$1.5 goal that was set. New hookups are up thanks to the Metro Southwest area, which had seven of the eight new meters this month and a total of 12 in the past two months.

**C. Discussion and Direction for Legislative Issues 2010.**

Mr. Tenney said the Legislative Report outlines the recent status of legislation pertaining to the District. The District's lobbyist, Gallagher & Kennedy, reported the Central Arizona Groundwater Replenishment District (CAGR) Revenue Bonding Authority legislation passed the House Rules Committee. The House version is moving forward and is expected to pass. Regarding SB1264, the public transparency bill, amendments have been made to exclude special districts so Metropolitan Domestic Water Improvement District is no longer impacted by this legislation.

**D. Status of Repairs for Northeast Reservoir Booster Station.**

Mr. Stratton said the Board has been informed that booster #2, which was the first to fail in November 2008 has recently failed again. Since then there have been several discussions with the District's Attorney, Robert Roos, who has contacted the other parties about the latest failure.

Mr. Stratton said there was another issue when Hennessey did not release all parts when staff went to pick them up so that Layne could order replacement parts. Staff contacted the attorneys to ask for their assistance because we needed that information and the only other way to obtain it was to pull pump #2. That would have created new issues because the other parties would have wanted to be present for the pulling of that pump. Hennessey did eventually release the rest of that equipment. Layne currently has ownership and is putting together a list of parts. There is a three-week time frame to allow the curing of the motor line. Kelly Electric will not be able to get started until all of the pumps are done. Steve Shepard, Assistant Utility Superintendent, put together a schedule of when Layne will put pumps in place and take them out. Pump #3 is out of service now and will be installed once the column tubing is in and then pump #2 will be pulled. The following day Layne will be tearing apart pump #2 at their facility. From a legal standpoint there are questions surrounding the cause of the failures.

Chris Hill, Deputy Manager, added that there were additional costs to the modifications of the pumps, as expected. The goal to initiate work was accomplished. Mr. Foulk asked if there is an open or closed tube. Mr. Hill said although the tubes are currently closed, they will be converted to open. When pump #3 is reinstalled it will have an open tube.

Mr. Foulk said the door louvers reduced flooding during the second pump #2 failure, as planned. Mr. Stratton pointed out the louvers also helped when pump #3 failed.

Mr. Stratton said Glatfelter Insurance sent an Electrical Engineer to visit the site to make sure there has been no further damage since the most recent failure. Findings are unknown at this point. Based on the District's observations, other than the soft starter no new damage was done.

Mr. Guillot confirmed there are currently two pumps in operation. He also asked whether the coming warmer months will complicate the timing issue. Mr. Stratton said that one reason the District is asking the Board to allow some of the contracts to proceed is so that work can be completed before the temperature rises. He said pump #3 should be installed by the end of March. Within two weeks everything will be done on the pumps and then electrical side will be done. Mr. Hill added the electrical work is estimated at about 3.5 weeks so it should be complete by May. Mr. Hill said there will be temporary power and all four pumps should be functional by then. The District is comfortable running two pumps 90% of the time throughout the season.

**E. Water Resources Update.**

Mr. Stratton said he was very pleased on the informative reports from Mike Block, District Hydrologist; the figures and tables really illustrate the District's water resources situation well. One of the tables illustrates the substantial savings realized on not using the CAGR, which is over \$1 million. The District is already spending \$1 million in Colorado River CAP costs so water resources could get very expensive without the ability to do recovery within the system. With groundwater levels continuing to drop and dynamic changes over last couple years the District could see CAGR costs go up quite a bit, until the Northwest Treatment and Delivery System is complete. Mr. Block said the District continues to benefit from the treated water at South Shannon. There was some expense incurred because the District was unable to pump Shannon as much as last year.

**F. Northwest Water Treatment and Delivery System.**

Mr. Tripp made a motion to direct staff to pursue recharge and recovery as the initial treatment option for putting to direct use the District's CAP water. Mr. Foulk seconded the motion.

Mr. Offret asked if there had been discussions with the Northwest Partners. Mr. Stratton confirmed. Mr. Offret asked if there was any reluctance or favorability of the District's stance. Mr. Stratton explained that Philip Saletta, Water Utility Director of the Town of Oro Valley, would like to take a serious look at what their costs would be to utilize CAP's Lower Santa Cruz Recharge Facility as their recharge site and looking at recovery costs just as the District has. The Northwest Partners received copies of all the information the Board received at the January Study Session from Tim Thomure of HDR. Mr. Saletta was impressed by the cost savings, knowing Oro Valley would not have to outlay capital cost and build a recharge facility if they were able to utilize the Lower Santa Cruz facility.

Mr. Stratton spoke with Barbara Johnson, Public Works Director of the Town of Marana, who would like to set up meeting with her and Marana Town Manager Gilbert Davidson about putting together a recharge facility with environmental/recreational features to be tied in with a regional park. She is interested in blending the town's needs and expanding the safe harbor area of the recovery to be further from the Santa Cruz River, having less impact on it.

On the negative side, Mr. Stratton said that David Crockett, Superintendent of Flowing Wells Irrigation District (FWID) expressed concern about the recharge recovery long term viable option. He understands the cost side but has reservations about water quality. Flowing Wells Irrigation District receives water through the District's system. By the time CAP water is blended with groundwater and reaches the FWID system there will be very little CAP water. Mr. Guillot asked what Mr. Crockett's specific quality concern is. Mr. Stratton said Mr. Crockett has not been definitive on his exact concerns. There are certain characteristics of Colorado River water that recharge treatment does not affect but it is very good at removing organics. Certain



quality aspects could be enhanced with additional treatment and the District will be looking at some type of a treatment process in the second phase. Reverse Osmosis (RO) is effective but the issue of what to do with concentrate waste will hopefully be solved by then. Mr. Foulk asked whether Mr. Crockett realizes his system will be receiving clean water and Mr. Stratton said yes. Mr. Stratton said there will eventually be a time when local providers will have to rely on the Colorado River for 100% of their water but that is some time down the road. He added that by that time water will be treated with RO so the quality would not change much.

Mr. Guillot asked about the disposal options for brine concentrate. The simplest method is evapotranspiration but it requires a lot of land and brings up issues like effects on migratory birds and high Selenium levels. Studies are working on how to reduce RO waste down to 5% rather than the current 15-20% because disposal is very expensive. Mr. Doyle asked if the University of Arizona (UA) is still working on halophytes. Mr. Stratton explained the UA has been working on halophyte effects and is currently measuring how far down salts leech into the soil among many ongoing analyses. Mr. Foulk asked if home RO systems produce the same percentage of waste product. Mr. Stratton confirmed and Mr. Doyle added that home water treatment system waste concentrations also affect wastewater treatment systems.

Motion passed unanimously.

#### **V. General Manager's Report**

Mr. Stratton said the first Financial Oversight Committee meeting is on March 15, 2010. Staff is preparing background material on the District's rate structure and financial plan. The information provided to the Board in January on the District's financial condition showing an alternative in which there is no rate increase will be provided to the Committee. Unfunded capital needs such as Northwest CAP, immediate needs associated with La Cañada roadway projects, transmission mains and equipment of the Riverside Crossing Well will be discussed. The first meeting will cover a lot of information, and because of that Mr. Stratton is recommending the Committee meet monthly rather than quarterly for the time being. Board Members are always welcome to attend those meetings and provide input if they so desire.

Mr. Stratton said the District continues to experience mainline breaks in the La Cañada area. District crews are efficient in repairing breaks so customers are back in service as soon as possible. Many breaks have occurred at the Magee Road and Hardy Road intersection due to another utility's failure to adequately structurally support the District's waterlines before driving over them with heavy equipment. Some of the pipes are planned for abandonment but until then, they must be in working order to serve customers. Mr. Foulk asked about abandoning pipes. Mr. Stratton said the pipes are abandoned in place. As part of La Cañada project, the lines will either be replaced or abandoned. Mr. Doyle asked if concrete pipe can be abandoned in place. Mr.

Stratton confirmed and explained concrete pipe is difficult to remove in full sections and is considered hazardous if broken. Mr. Guillot asked where the old pipe is disposed. Mr. Maish said 1.5 miles of pipe will be removed and sent to specific landfills that accept such materials.

Mr. Stratton said staff is working on the draft 2010-2011 fiscal year budget. The intent is to hold a Board Study Session on March 22, 2010 to cover the operating costs of all three divisions. The budget will be tight, similar to last year. Reports will be provided to Board Members several days prior to the meeting.

Groundwater level maps and a full status update will be provided at the April Board meeting.

Mr. Stratton said he would be out of the country for the week of March 15, 2010. Tullie Noltin will have emergency contact information.

**VI. Legal Counsel Report**

John Hinderaker said there was nothing to report.

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

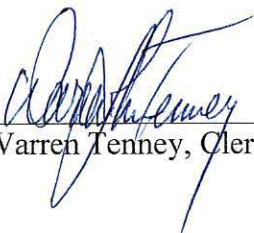
The next regularly scheduled meeting of the Board of Directors will be held on Monday, April 12, 2010. There will be a Study Session on Monday, March 22, 2010, at 5:30 pm.

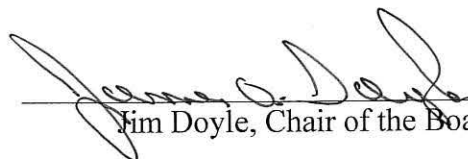
**VIII. General Comments From the Public**

There were no comments by the public.

**IX. Adjournment**

Mr. Tripp made a motion to adjourn. Mr. Foulk seconded the motion. The meeting adjourned at 6:40 p.m.

  
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Warren Tenney, Clerk of the Board

  
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Jim Doyle, Chair of the Board