

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

**February 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  
Keri Silvyn, Legal Counsel  
Warren Tenney, Clerk of the Board  
Tullie Noltin, Recorder

**Executive 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 5:30 p.m. James Tripp, Bryan Foulk, Reb Guillot and Dan M. Offret were present. Jim Doyle was not yet present.

Executive Session pursuant to A.R.S. § 38-431.03.A.1 (discussion or consideration of personnel matters), 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. Quarterly Appraisal of the General Manager.**
- B. Claim Notice for Northeast Booster Station Construction.**

Mr. Offret made a motion to adjourn into executive session at 5:32 p.m. Mr. Foulk seconded the motion. Motion passed unanimously.

Mr. Doyle arrived at 5:46 p.m. and joined the executive session.

## **II. Adjournment**

The executive session adjourned at 6:01 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 6:04 p.m. Jim Doyle, James Tripp, Bryan Foulk, Reb Guillot, and Dan M. Offret were present.

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

Edward McGrath, residing at 1212 W. San Nicholas, said he would like to resolve a problem he has with Metro Water and their contractor, Action Paving. He gave his consent to allow the storage of some pipe and a mound of dirt related to the mainline replacement project on his property. Although the items have been removed, the area has not been returned to original condition. He has before and after pictures and an estimate from a landscaper to restore the area. He would like to find a resolution.

Mr. Maish said Pima County claims the area in question is in the right-of-way. He said the contractor has made several attempts to satisfy Mr. McGrath but he did not like what was done. Mr. Maish would also like to resolve the issues but work cannot be done in the right-of-way per Pima County. Mr. Maish said Mr. McGrath had been present during those discussions.

Mr. McGrath said he was told everything would be restored to its original condition and it has not been restored. He was not previously aware his landscaping was in the right-of-way. If he had not agreed, his landscaping would never have been disturbed. He would be satisfied if the same landscaping was restored several feet back, in order to comply with the right-of-way line.

Mr. Doyle wanted to make sure the area in question is indeed a right-of-way and not an easement. Mr. Maish confirmed. Mr. Stratton said staff will contact Mr. McGrath and work for a resolution.

### **III. Consent Agenda**

- A. Approval of Minutes – January 11, 2010 Board Meeting.**
- B. Approval of Minutes – January 25, 2010 Public Hearing.**
- C. Ratification of Billing Adjustments.**
- D. Approval of Water Service Agreement – Mountain Vista Fire Station.**
- E. Approval of Water Service Agreement – Sundt Companies Office Building.**

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

Mr. Guillot asked about the credit to Sabino Townhouses. Mr. Land said a major irrigation leak was repaired and the maximum leak adjustment of \$500 was issued.

Motion passed unanimously.

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

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

Mr. Stratton said that January production was slightly higher than it was in 2009, which probably had to do with the time of the month the data was collected. Regarding the Hub water supply exploration, the due-diligence process is going well and crews should be permitted to start drilling soon. Staff is working on the application for designation of Assured Water Supply for the newly-acquired Diablo Village area. Staff will have information for the Board on winter water levels soon. The Northern Hills mainline replacement project is moving along, although sometimes slower than we would like. The La Cañada water line relocation is moving along on schedule.

**B. Financial Report.**

Mr. Land said the budgeted operating revenue is \$523,966 over budget so far. Expenditures are \$89,524 over budget, primarily because both the purchase power and delivery of CAP water payments are greater in the first half of the year. Overall, the District is \$434,442 ahead in revenues exceeding expenditures. Revenues are \$761,363 ahead of the same period in 2008 but the RTA fees account for \$402,430 of that. There were eight new connections this month, three in Metro Main and five in Metro Southwest.

**C. Change to Bond Oversight Committee to the Finance Oversight Committee.**

Mr. Tripp made a motion to establish the Finance Oversight Committee to advise the Board about District finances and the financing of the Capital Improvement Programs and appoint Sheila Bowen, Barbara Gelband, Lee Mayes, Jeffrey Ratje, Jim Stevenson, Claire Strom, Tim Thomure, and Bernie J.E. Weigandt to the Finance Oversight Committee. Mr. Offret seconded the motion.

Bernie Weigandt, Member of the Bond Oversight Committee and resident of 7540 North La Cholla, said when he heard about changing the Bond Oversight Committee to the Finance Oversight Committee, he thought it was a great idea. He appreciates the opportunity to serve the

Board and the ratepayers. Mr. Offret commended the Bond Oversight Committee's work in the past, and said he is looking forward to working with them in the future. Mr. Tripp said as a former committee member, he would also like to thank the Bond Oversight Committee for their service.

Motion passed unanimously.

**D. Approval of License Agreement with Jonathon Zagorsky for Use of Ingress/Egress at Ina/ La Cholla Well Site.**

Mr. Tripp made a motion to approve the license agreement with Jonathon Zagorsky for ingress/egress across the District's Ina/La Cañada well site property. Mr. Foulk seconded the motion.

Mr. Offret asked about the zoning of the property at 1315 West Ina Road. Mr. Zagorsky said the property is not subdivided, zoned CR-1. Mr. Stratton said Mr. Zagorsky originally proposed that he could acquire the property. Staff is looking into background issues, including valuations and the removal of a steel tank. The well site is currently used for monitoring purposes but staff will continue to meet with Mr. Zagorsky, and if acquisition is still desired by Mr. Zagorsky in the future, staff will make a recommendation to the Board.

Motion passed unanimously.

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

Susan Charlton of Gallagher & Kennedy thanked the Board for allowing her to begin her ninth year as the District's lobbyist. The Board was provided a Legislative Report, which included several water-related bills.

HB2282 would require all local governments to maintain searchable databases online, and this would be very cumbersome for utilities like Metro Water. Warren Tenney, Assistant General Manager, added the District already operates in a transparent manner with its financial records available by request.

Ms. Charlton said SB1141 is a CAGR revenue bonding bill that was not heard last year. It is being reintroduced. The Board voted last month to support SB 1141.

HB2661, regarding a Statewide Water Authority Study, creates a 15-member Water Resources Commission to project the water needs in each county for the next 50 and 100 years. It includes a seat available for large Domestic Water Improvement Districts (DWID). Mr. Tenney added there may be some pressure to revisit the makeup of the committee since CAP, SRP, and other major

water stakeholders are not represented. Mr. Guillot asked how the 15-member committee would be funded. Ms. Charlton said this would be a study committee and the final report would be due in December. Members would be volunteering their time.

Ms. Charlton said two Senate bills, SB1223 and SB1316, have been pulled since the printing of the report, which is good news because the District did not favor either.

The Governor and Legislature is removing the Arizona Department of Water Resources (ADWR) from the general fund. In response to that action, there are three bills to secure funding for ADWR: bill S1355, bill S1359, and the third, which is not yet official, will be a five-cent tax on bottled water. At the recent stakeholder meeting, attended by over 40 water stakeholders, all were opposed to S1355 and S1359 while none were opposed to the bottled water tax. Mr. Tenney added those in the water industry offered no criticism of a bottled water tax but those in the bottling industry were not represented at the meeting.

Rob Dallagher provided information on the overall State budget. He said the State is desperate to find ways to increase revenues. Mr. Foulk remembered a bill that protects voter-approved measures from budget cuts. Mr. Dallagher said he was referring to Proposition 105, a voter protection act that passed several years ago. He said it leaves little leeway to legislators, as \$3.6 million of Arizona's budget is protected through that act.

Mr. Tripp made a motion to direct staff to oppose SB1223 and HB2282. Mr. Foulk seconded the motion. Motion passed unanimously.

**F. Update by United States Geological Survey on the Lower Canada Del Oro Basin Aquifer Storage Monitoring Project.**

Mr. Stratton said unfortunately the scheduled presenter became ill. Staff will try to reschedule the presentation for the next Board Meeting.

**G. Renewal of Interim Remedial Action Contract with the Arizona Department of Environmental Quality for the South Shannon Treatment System.**

Mr. Tripp made a motion to approve amendment #15 of the Interim Remedial Action Contract at the South Shannon Facility between ADEQ & MDWID with a reimbursement cap of \$55,825.00 from 1/1/10 through 3/31/10. Mr. Offret seconded the motion. Motion passed unanimously.

**H. Approval and Award of Pump Repairs at the Northeast Reservoir Booster Station.**

Mr. Tripp made a motion to award the Northeast Reservoir Booster Station repair work to Layne Christensen in the amount not-to-exceed \$46,833.85. If for any reason the District is unable to

enter into an agreement with Layne Christensen then the General Manager is directed to pursue an agreement with the next bidder Gilbert pump. The Board further authorizes the General Manager to allocate an additional \$5,000 for additional work as may be needed. Mr. Foulk seconded the motion. Motion passed unanimously.

**I. Midyear Review and Possible Adjustment of Fiscal Year 2009-2010 Budget.**

Mr. Tripp made a motion to approve a midyear adjustment to the Fiscal Year 2009-2010 Budget to allow the funds identified in this report to be utilized for the capital equipment and capital projects as identified in this report. Mr. Foulk seconded the motion.

Mr. Offret asked about the Windermere Street project. Mr. Maish said having many small diameter pipes leads to pressure problems, and it is easier to pump more water to the area if there are larger pipes. The need for this improvement has been identified for over 5 years, and was in last year's budget. Mr. Offret asked if the project will replace several pipe sizes with one size pipe. Mr. Maish said the project will actually be joining two pipes.

Motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton said the District will be holding two public meetings in Metro Southwest area to allow the new customers to become acquainted with the District. The informal meetings are scheduled for February 23, 2010 and February 25, 2010. If any Board Members would like to attend, they are welcome to. Car pools can be arranged.

Mr. Stratton said the Board was provided with a report on dual meters. Considering the coming wastewater rate increases, it could be beneficial to both the customers and the District to differentiate between water that enters the sewer system and water that is used for irrigation. The Board will be asked to take action at some point but staff is currently collecting information and looking at options. Dual metering systems would require both meters to be read. Staff is looking at local studies, WaterCASA data, and other studies around the country. Mr. Guillot asked if water and wastewater providers would share in the administration of a dual-metering program. Mr. Stratton said that is one of the questions to be answered. He said the concept is complex and would require more time, effort and cost to maintain.

Mr. Stratton said the Central Arizona Project (CAP) Board approved the sale of the Avra Valley Recharge Project to Metro Water District. This marks the beginning of a two-year time frame, which will allow the District to settle ADWR and State land issues and other easement issues. The Central Arizona Groundwater Replenishment District (CAGR) staff is working with the District to move the sale along.



Mr. Stratton said staff is updating the District's emergency response plan. The AZWarn program is another tool at the District's disposal in the event of an emergency.

**VI. Legal Counsel Report**

Keri Silvyn said there was nothing to report.

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

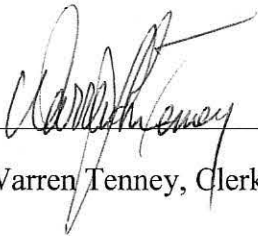
The next regularly scheduled meeting of the Board of Directors will be held on Monday, March 8, 2010. There may also be a special study session on the budget in March. Adhering to open meeting laws, the District will post notices for the two Metro Southwest public meetings in case more than two Board Members are in attendance.

**VIII. General Comments From the Public**

There were no comments by the public.

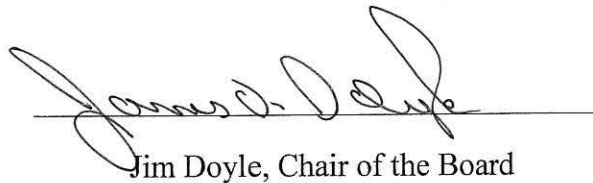
**IX. Adjournment**

Mr. Tripp made a motion to adjourn. Mr. Foulk seconded the motion. The meeting adjourned at 6:48 p.m.



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Warren Tenney, Clerk of the Board



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Jim Doyle, Chair of the Board