

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

**October 13, 2004**

**\*\* Board Room \*\***

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

**MINUTES**

Board Members Present:     Dan M. Offret, Chair  
                                      Suzanne Downing, Vice Chair  
                                      Reb Guillot, Member  
                                      James Tripp, Member

Not Present:                     Jim Doyle, Member

District Staff:                 Christopher Hill, Deputy Manager  
                                      Michael McNulty, Legal Counsel  
                                      Warren Tenney, Clerk of the Board  
                                      Alice Stults, Recorder

**Regular Session**

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

Dan M. Offret, 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. Dan M. Offret, Suzanne Downing, Reb Guillot, and James Tripp were present. Jim Doyle was not present.

**II.    General Comments from the Public**

There were no comments from the public.

**III.   Consent Agenda**

- A.     Approval of Minutes – September 13, 2004 Board Meeting.**
- B.     Approval of Minutes – October 4, 2004 Study Session.**
- C.     Ratification of Billing Adjustments.**
- D.     Approval of Water Service Agreement – Orange Grove Office Park.**

Mr. Tripp made a motion to approve the consent agenda. Mr. Guillot seconded the motion. Motion passed unanimously.

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

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

Chris Hill, Deputy Manager, said District crews have been working hard to finish the Oracle Road project. The District is currently waiting for a new permit to complete this project. The work on Treasure Drive has been completed. Mr. Hill said the work on the La Cholla transmission main is continuing.

Ms. Downing said she has observed District staff working on Oracle Road and explained that the crews appeared to be working very hard, despite the amount of traffic in the area. She commended staff for a job well done on this project.

**B. Financial Report.**

Mike Land, Chief Financial Officer, said thus far into fiscal year 2004-2005 revenues have exceeded budgeted amounts and expenditures are slightly under budget. He added that there continues to be a decline in the amount of new connections compared to previous years.

**C. Update on Audit for Fiscal Year 2003-2004.**

Mr. Land provided the Board with bound copies of the draft 2003-2004 District audit for the Board's review. It is anticipated that the Board will approve the final 2003-2004 audit at its November 2004 meeting.

**D. Liability and Property Insurance Renewal.**

Mr. Tripp made a motion to approve the insurance proposal by the Rural Special District Custom Insurance Program through the Mahoney Group at a premium cost of \$137,522 for the policy year starting October 1, 2004 to cover liability and property damage. Mr. Guillot seconded the motion.

Ms. Downing asked about another quote that was submitted being lower than the quote submitted by the Mahoney Group. Mr. Land said the recommended carrier's quote was higher, but is recommended by staff because they provide better insurance coverage.

The motion passed unanimously.

**E. Selection of Billing Software.**

Mr. Tripp made a motion to approve the selection of Caselle Inc. as the vendor to provide a new billing software program to the District at a contract price of \$52,950, plus any necessary travel expenses. Mr. Guillot seconded the motion.

Mr. Offret asked if the software had the capability to interface with Pima County's computer system. Mr. Land replied yes. He explained that the sewer and water items on the bills will be reflected a little differently to make them more easily understood and visible.

Ms. Downing asked if there was the potential for growth capability and upgrades provided with the new billing software. Mr. Land said yes, and explained that the program has the potential for expansion. Any modifications to the billing software would be done by Caselle Inc.

Mr. Offret asked if graphs indicating water usage and trends would be included on the new bills. Mr. Land noted that the new system has far more capabilities than the District's current system, and staff is reviewing suggestions on how the new bills will look and what information they will contain.

Mr. Guillot asked how the District's current information would be transferred into the new billing system. Mr. Land said this would be done by Caselle Inc. However, the District will have a copy of the old system and history on a separate computer.

The motion to approve the selection of Caselle Inc. as the vendor to provide a new billing software program to the District at a contract price of \$52,950, plus any necessary travel expenses passed unanimously.

**F. Award and Approval of Telemetry Materials.**

Mr. Tripp made a motion to approve the Telemetry Materials 2004 Bid submitted by Border States Electric Tucson and authorize staff to utilize this Bid for the purchase of Telemetry Materials as part of the District's Capital Improvement Program with a not-to-exceed amount of \$150,000. Mr. Guillot seconded the motion.

Mr. Hill said this is the fifth year of purchasing telemetry materials and equipment. He explained that all of the telemetry programming and installation has been done by District staff and commended those staff for doing a good job. In most cases customers were kept in water during the transformation to, and installation of, the telemetry. Steve Shepard, Utility Superintendent, who had been responsible for the majority of the work, said he is currently training other employees in the telemetry matrix.

The motion passed unanimously.

**G. Award of Municipal Well Services Contract.**

Mr. Tripp made a motion to approve the selection of Brown and Caldwell for the professional services to drill, develop, construct and test two municipal wells. If contract negotiations are unsuccessful with Brown and Caldwell, then District staff should proceed with contract negotiations with Clear Creek Associates. A final contract and fee schedule will be presented to the Board for approval. Ms. Downing seconded the motion. The motion passed unanimously.

**H. Approval of Groundwater Savings Project Agreement.**

Mr. Tripp made a motion to approve the renewal of the agreement between the District and the Cortaro Water Users' Association for "In-Lieu Water Deliveries and Storage" and that the agreement be in effect until December 31, 2005, unless renewed for an additional year by the District and the Cortaro Water Users' Association. Mr. Guillot seconded the motion.

Ms. Downing asked about the renewal process. Mr. Hill explained that the agreement must be approved by the Board annually. He noted that the rates changed somewhat this year.

Mr. Guillot asked if there was anything the District would need to keep an eye on. Mr. Hill said the working relationship with Cortaro Water Users' Association has proved to be beneficial for the District.

The motion passed unanimously.

**I. Approval of Northeast Reservoir Site Selection.**

Mr. Tripp made a motion to approve the HDR Northeast Reservoir Site Evaluation Study recommendation of locating the Northeast Reservoir at the Cobo Catalina site and to direct staff to proceed in developing a contract Scope of Services with the Engineering Consultant, HDR, for the design of the Northeast Reservoir. Mr. Guillot seconded the motion.

Ms. Downing said that it is her hope that the District would continue to strive to be a good neighbor with the Cobo Catalina Home Owners Association and keep them informed of activities regarding the Northeast Reservoir. Mr. Offret agreed, and said the HDR consultants working with the HOA has been a positive step forward and he wants to make sure this continues.

The motion passed unanimously.

**J. Approval to Amend Fund Allocations for Bond Program.**

Mr. Tripp made a motion to approve the reduction of work on the three identified CIP projects and reallocate the resulting funds surplus to the construction of the Tucson National / Westward Look Mainline Replacement Project. Mr. Guillot seconded the motion. The motion passed unanimously.

**K. Resolution 2004-7 - Call a Special Revenue Bond Election for March 8, 2005.**

Mr. Tripp made a motion to approve Resolution 2004-7 to call a special bond election for March 8, 2005. Mr. Guillot seconded the motion.

Mr. Hill explained that the total cost for the first phase of the 10-year CIP is \$28,000,000. Mr. Offret asked if staff had determined which projects could be eliminated if the projected \$28,000,000 were to not be enough due to inflation. Mr. Maish said the mainline replacement projects would be prioritized and that some of those projects could be eliminated or scaled back. However, the

projects that are listed last on the list would probably be the ones most affected if there were to be a shortfall of monies.

Warren Tenney, Assistant to the General Manager, said that all of the legal requirements for the bonds are being overseen by Fred Rosenfeld, Bond Counsel.

The motion to approve Resolution 2004-7 to call a special bond election for March 8, 2005 passed unanimously.

**V. General Manager's Report**

Mr. Hill said the survey of the Cloud Road property in the Metro-HUB service area has been completed and documentation forwarded to Legal Counsel for potential condemnation of the property. This property is under consideration as the sight of a potential new well. Mr. McNulty said that the condemnation process can be completed fairly quickly, and it is anticipated that it could be completed within the next two weeks.

**VI. Legal Counsel's Report**

Mr. McNulty, Legal Counsel, said he would submit a written report to the Board within the next couple of weeks regarding several miscellaneous issues.

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

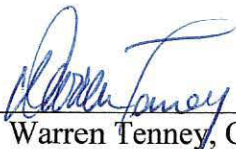
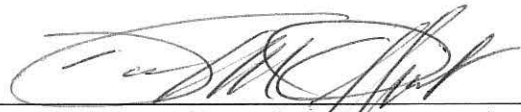
The next regular meeting of the Board is November 8, 2004 at 6:00 p.m.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 6:29 p.m.

  
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Warren Tenney, Clerk of the Board  
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Dan M. Offret, Chair of the Board