

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

July 12, 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

Board Member Not Present: Jim Doyle, 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

Dan M. Offret, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Board Meeting to order at 5:01 p.m. Dan M. Offret, Suzanne Downing, Reb Guillot, and James Tripp were present. Jim Doyle was not present.

Mr. Tripp made a motion to adjourn into executive session. Ms. Downing 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) regarding the following:

- A. General Manager's Quarterly Review.
- B. J&A Acquisitions, L.L.C.

III. Adjournment

The executive session adjourned at 6:04 p.m.

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 6:05 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 – June 14, 2004 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Approval of Adjustment to Customer Accounts Receivable.**
- D. Approval of Water Service Agreement – St Andrew's Presbyterian Church.**

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.

Mark Stratton, General Manager, said the amount of water production during June 2004 was the same as it was this time last year.

Mr. Stratton said District staff met with a consultant regarding the Northeast Reservoir to discuss the five potential reservoir sites and cost matrix. Charlie Maish, District Engineer, added that it is anticipated a report on the Northeast Reservoir would be ready to present to the Board in August 2004.

Mr. Stratton said the La Cholla transmission line is complete, with work continuing on landscaping and irrigation. The mainline replacement work on Giaconda is also complete. Mr. Stratton explained that the next scheduled project for the District is the mainline replacement on Oracle Road.

Mr. Stratton noted that due to a thunderstorm, electricity was off last night for a short time. Steve Shepard, Utility Superintendent, said three District sites were affected by the power outage; however, water service continued.

B. Financial Report.

Mike Land, Chief Financial Officer, said the State Treasurer received a small portion of money from the bankruptcy. The State Treasurer's office hopes that more funds will be forthcoming. The District's share of the bankruptcy proceeds was approximately \$23,000.

C. Approval of Auditing Services Agreement for 2003-2004 Fiscal Year.

Mr. Tripp made a motion to approve the agreement from Clifton Gunderson LLP to perform the District's 2003-2004 fiscal year audit at a not-to-exceed amount of \$23,800. Mr. Guillot seconded the motion for discussion.

Mr. Offret asked how the new contract compared to last year's contract. Mr. Land said the cost was up by approximately \$800.

The motion passed unanimously.

D. Selection of Mail Service Provider.

Mr. Tripp made a motion to approve Automated Presort Services as the provider of mailing services to the District for the period of August 1, 2004 through July 31, 2005 with two years of automatic annual renewals, pending satisfactory service. Mr. Guillot seconded the motion.

Ms. Downing asked what the purpose of doing automatic annual renewals was. Mr. Land explained that the District attempts to secure a three year commitment for pricing. After three years, staff will obtain new bids to bring back to the Board for its review again. However, the price is locked in for three years with automatic annual renewals.

The motion passed unanimously.

E. Approval of Contract for Water Policy Consulting.

Mr. Tripp made a motion to approve a one year contract extension with Mark Myers for water policy consulting for the period of July 1, 2004 to June 30, 2005 for an amount of \$25,000, which will be paid monthly. Ms. Downing seconded the motion. The motion passed unanimously.

F. Annexation Agreement with Monterey Homes Construction, Inc.

Mr. Tripp made a motion to approve the annexation agreement with Monterey Home Construction, Inc. Mr. Guillot seconded the motion.

Mr. Stratton noted that the annexation agreement had been sent to Monterey Homes Construction, Inc.; however, the District has not received their comments. The conditions contained in the agreement are what Mr. Stratton had previously discussed with Lisa Hoskins of Monterey Homes. Mr. Stratton recommended that the motion be amended to give the Chair authority to sign after Monterey Homes agrees to the annexation agreement.

Mr. Tripp amended the motion to include to approve the annexation agreement with Monterey Home Construction, Inc. after Monterey Homes has signed the agreement, and to grant the Chair the authority to sign the agreement. Mr. Guillot seconded the motion. The motion passed unanimously.

G. Approval of Amendment No. 1 for Well Service Agreement.

Mr. Tripp made a motion to approve Amendment No. 1 for the well service agreement with Layne Christensen with the not-to-exceed amount of \$289,864. Mr. Guillot seconded the motion. The motion passed unanimously.

H. Approval of Annual Asphalt Paving Quotes for Fiscal Year 2004-2005.

Mr. Tripp made a motion to approve the annual quotes for Asphalt Paving from the corresponding bids 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. Guillot seconded the motion. The motion passed unanimously.

I. Approval of Contract for Potable Water Meters.

Mr. Tripp made a motion to approve the five year contract agreement with Badger Meter Inc., for the purchase of meters per the bid received for fiscal year 2004-2005, for an amount not to exceed \$111,500. This agreement will be reviewed and renewed annually by the Board. Mr. Guillot seconded the motion.

Ms. Downing asked if the radio reads take batteries; and if so, how long do the batteries last. Christopher Hill, Deputy Manager, explained that the batteries are good for approximately 10 years, and the batteries are then replaced. The District has almost 2,000 radio reads in service at this time. Ms. Downing asked if the meters would turn off and customers would be out of water when the batteries run down. Mr. Hill replied no, the meter would keep registering but would not be able to be read electronically until the batteries were replaced.

The motion passed unanimously.

J. Approval of Amendment for Interim Remedial Action Contract for South Shannon.

Mr. Tripp made a motion to approve the amendment to the Interim Remedial Action Contract at the South Shannon facility between the Arizona Department of Environmental Quality and the

Metropolitan Domestic Water Improvement District subject to approval by legal counsel and final signature by the Arizona Department of Environmental Quality. Mr. Guillot seconded the motion. Ms. Downing asked for clarification. Mr. Hill explained that the Arizona Department of Environmental Quality (ADEQ) has decided to fund this project during its fiscal budget year 2004-2005. The remediation is going to be an entirely different treatment system, and the funds in this amendment will pay for the design cost. Mr. Hill noted that additional agreements will be forthcoming in the future regarding actual work for the project.

The motion passed unanimously.

V. General Manager's Report

Mr. Stratton noted that a complete update the Ina/CDO well modification was provided to the Board previously. It is anticipated that at the August or September 2004 Board meeting there will be a change order from Gilbert Pump reflecting the total cost of the new pump assembly.

Mr. Stratton explained that the Tucson Aqueduct System Reliability Investigation (TASRI) was part of the overall Central Arizona Project (CAP) system reliability component. It ensures that if outages, failures, or shortages occurred along the CAP, the storage of additional water would still be available to the subcontractors. This would allow the subcontractors, including the District, time to convert back to their wells. Mr. Stratton said he will attend a meeting on July 13, 2004 with Eric Holler, Bureau of Reclamation, to discuss the Tucson region's reliability features in greater detail. One of the key items of discussion is who will end up paying for the construction of any type of system reliability features necessary to meet the needs of the northwest entities. An environmental assessment must be completed first, and then work would begin on the design and construction. Mr. Stratton said it will be at least five years down the road before the project would be completed.

Mr. Stratton said he had attended the second in a series of meetings that the Arizona Department of Water Resources (ADWR) is holding with respect to the Colorado River shortages. The District would be one of the first irrigation districts that would be without CAP water.

Mr. Stratton noted that he will be on vacation for about ten days beginning Friday, July 16, 2004.

VI. Legal Counsel's Report

Keri Silvyn, Legal Counsel, said there was nothing further to report.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board is August 9, 2004 at 6:00 p.m.

VIII. General Comments from the Public

Steve Davis, Badger Meter Inc., said the methodology on water meters has improved over the last five years. He noted that financial institutions are not willing to lend money to utilities that loose


too much water. Mr. Davis said that Metro Water District has done very well with examining its meter water losses and subsequently lowering those numbers through meter testing and replacement.

Mr. Stratton said Mr. Davis is currently working with District staff to look at age factors, consumption, accuracy, etc when looking at meter replacements. Mr. Davis will look at the data the District provides, and will provide this information to the international community. Mr. Davis praised the District for its efforts.

IX. Adjournment

The meeting adjourned at 6:48 p.m.



Dan M. Offret, Chair of the Board

Warren Tenney, Clerk of the Board