

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

May 10, 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
 James Tripp, Member
 Jim Doyle, Member
 Reb Guillot, 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 5:03 p.m. Dan M. Offret, Suzanne Downing, James Tripp, Jim Doyle, and Reb Guillot were present.

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

II. J&A Acquisitions, L.L.C.

Executive Session pursuant to A.R.S. § 38-431.03 (A)(3) (consultation for legal advice with District Legal Counsel) regarding J&A Acquisitions, L.L.C.

III. Adjournment

The executive session adjourned at 5:50 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 6:00 p.m. Dan M. Offret, Suzanne Downing, James Tripp, Jim Doyle, and Reb Guillot were present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – April 12, 2004 Board Meeting.**
- B. Approval of Minutes – April 14, 2004 Public Hearing.**
- C. Approval of Minutes – April 24, 2004 Study Session.**
- D. Ratification of Billing Adjustments.**

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 District remains on track with expenditures and revenues compared to the same period last year.

Mr. Stratton said that staff received a notice today of a monitoring violation for lack of conducting asbestos sampling in 2003. An administrative oversight caused the District to overlook a sampling for asbestos which must occur once every nine (9) years. The violation will be included in the District's Consumer Confidence Report.

Mr. Stratton said the clutch went out on the gas motor at the Ina/CDO well. While considering the repair of the clutch, the alignment of the well was also examined. Mr. Stratton said the upper portion of the well is considerably out of alignment. The right angle drive from the motor is creating enough force on the angle that it is creating failures in the mechanism. It is recommended not to run the right angle drive unit until the problem has been resolved. Mr. Stratton said that similar issues may also be occurring at the Tucson National North well. He explained that this well will also be examined.

Mr. Offret asked if the misalignment of the well is something that naturally occurs. Charlie Maish, District Engineer, explained that it was caused when the well was drilled, and the existing

conditions at the time. He said there was not a problem when using an electric motor, but now with the use of the right angle drive and two power sources, the issue has been complicated.

Mr. Stratton said the La Cholla transmission main project continues to move along on schedule. It is anticipated that the installation of the transmission main will occur within the next several weeks. Mr. Maish said there will be a considerable amount of re-vegetation that will take approximately one month or more to complete.

B. Financial Report.

Mr. Land said the District has approximately \$60,000 in revenues above last year's revenues at this same time period. The new rates approved in April 2004 have been implemented. The expenditures are approximately 2% under budget.

C. Resolution 2004-4 – Call of Election for Members to Board of Directors.

Mr. Tripp made a motion to approve Resolution 2004-4 to call an election for November 2, 2004 for the purpose of electing members of the Board of Directors to fill the seats currently held by Reb Guillot and Dan M. Offret. Mr. Guillot seconded the motion. Motion passed unanimously.

Warren Tenney, Clerk of the Board, explained that interested persons running for the Board of Directors must complete petitions during July 2004. Approximately 120 signatures are needed for the petition.

Mr. Tripp asked if there are only two persons running for the Board position would there still be the need for an election. Mr. Tenney said that if only two persons run for the positions an election would not be required per statutes. If there are less than two persons running, one person would automatically become a Board member, and the other position could be filled by the Board's appointment.

D. Legislative Issues 2004.

Mr. Tenney said the exempt wells bill will not move forward this year in the Legislation. Basically, politics got in the way for this piece of legislation. Mr. Tenney explained that supporters will attempt to get it passed again next year.

Mr. Stratton said that Mr. Offret had provided him with information regarding federal legislation that will affect the District. He explained that it is related to the Indian settlements that were recently negotiated. A Senator from New Mexico is holding those settlements hostage unless there is \$150 million from the Indian settlements that will go to New Mexico for its water rights out of the Gila River. If the Indian settlements do not pass federal legislation, CAP water will not be available to the District. Mr. Stratton said the District will participate with other water utilities to facilitate the negotiations.

E. Amendment of Drug/Alcohol Free Workplace Policy.

Mr. Tripp made a motion to amend the District's Drug/Alcohol Free Workplace policy to include a statement that employees who possess and use a Commercial Drivers License are subject to meeting the Federal requirements for random testing of drug and alcohol. Ms. Downing seconded the motion. Motion passed unanimously.

F. Discussion of Water Quality Report.

Christopher Hill, Deputy Manager, explained that this is the sixth year of publication of the Consumer Confidence Report (CCR). The CCR is required by federal law. It is used to provide water quality information to District customers on an annual basis. The District is required to report any detected contaminants that are regulated, and to report on any contaminants that are not regulated. Mr. Hill noted that the asbestos issue will be included in the report.

Ms. Downing asked if the District had received any questions or comments from customers regarding the letter on total coliform. Mr. Hill said that approximately ten calls were received by District staff. Mr. Stratton noted that from the lack of customer concerns and comments that it is perceived the District is doing well with keeping its customers informed, and those customers are confident in the District's ability to produce quality water.

G. Approval of Amendment No. 3 to the Miscellaneous Water Distribution Design Services V Contract with Tetra Tech Consulting, Inc.

Mr. Tripp made a motion to approve Amendment No. 3 to the Miscellaneous Water Distribution Design Services V Contract with Tetra Tech Consulting, Inc., which establishes a new contract expiration date of June 30, 2005, and increases the contract amount by \$150,000. Ms. Downing seconded the motion for discussion purposes.

Mr. Offret asked if the contract included asbestos testing. Mr. Stratton replied no, and explained this contract was for the design of the South Shannon treatment facility. Mr. Maish noted that the contract is being amended to provide Tetra Tech Consulting, Inc. approval to complete modifications for the treatment of other contaminants at the South Shannon well. He said that Arizona Department of Environmental Quality will reimburse the District 80% of its cost for this project. Mr. Offret asked staff to provide information to the Board once it is determined when the reimbursement is anticipated to be received.

The motion passed unanimously.

H. Approval of Material Purchase for Fountains Drive and 6600 N. Oracle Road Mainline Replacement Projects.

Mr. Tripp made a motion to approve the purchase of materials for the Fountains Drive and the 6600 N. Oracle mainline replacement projects from National Waterworks in the amount not to exceed \$50,000. Mr. Guillot seconded the motion for discussion.

Ms. Downing asked where all the materials would be stored. Steve Shepard, Utility Superintendent, said most of the materials would be stored at Hardy Well. The motion passed unanimously.

Mr. Stratton pointed out that there are currently some significant price increases for pvc and ductile iron pipe that will affect District purchases. Ms. Downing asked if there were sufficient funds in the budget for the material purchases for Fountains Drive and N. Oracle Road. Mr. Stratton replied yes, but for some projects the budget may have to be increased.

I. Approval of Professional Engineering Services Contract for Auxiliary Pumping/Power.

Mr. Tripp made a motion to approve the professional engineering consultant services contract for auxiliary pumping and power to Kennedy/Jenks Consultants in the amount of \$80,000 with the understanding that this contract is for a three year term subject to annual renewals to be approved by the Board. Mr. Guillot seconded the motion.

Ms. Downing thanked staff for including the certificate of liability insurance with the Board report. Mr. Hill noted that a new certificate had been issued that included the required higher limits.

Motion passed unanimously.

V. General Manager's Report

Mr. Stratton said that he recently met with Jim Holway who outlined the ADWR projects needing to be completed over the next five to ten years. He noted that he provided Mr. Holway with feedback concerning what the regulated community would like to see in the way of priorities. ADWR will be meeting with SAWUA and other water related groups to discuss what they perceive as priorities. Mr. Stratton said that ADWR does not have a sufficient budget, and it is losing some of its key staff. It is felt it will be difficult for ADWR to reach some of its objectives.

Mr. Stratton said preliminary discussion have started regarding the potential of a regional wholesale water entity. He explained that Mr. Tenney has been working with staff from Tucson Water to review existing statutes, and utilities from other states. A meeting has been scheduled for May 20, 2004 to continue discussions.

Mr. Offret inquired regarding the status of development projects. Mr. Stratton replied that the projects are on schedule. Mr. Stratton said that District's Legal Counsel generated a letter to Monterey Homes; however, there has not been a response.

Mr. Stratton said he attended the annual Arizona Water and Pollution Control Association conference last week, as did Mr. Hill. Mr. Stratton is currently the Vice-President of this organization. Mr. Hill chairs the Distribution Committee.

Mr. Stratton noted that his grandmother, who recently turned 100 years, wished to thank the Board for the flowers it sent to her for her birthday.

VI. Legal Counsel's Report

Ms. Silvyn, Legal Counsel, said the demand letter to Duncan Pump has been written and mailed. Duncan Pump's insurance company and Legal Counsel will be meeting in an attempt to resolve the issues.

VII. Future Meeting Dates; Future Agenda Items

The next regular meeting of the Board is June 14, 2004 at 6:00 p.m. A study session is scheduled for May 18, 2004 at 5:30 p.m.

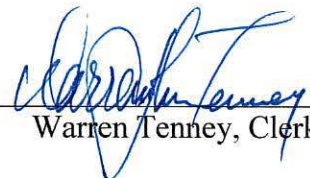
VIII. General Comments from the Public

There were no comments from the public.

IX. Adjournment

The meeting adjourned at 6:52 p.m.



Dan M. Offret, Chair of the Board

Warren Tenney, Clerk of the Board