

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

**January 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  
                                      Jim Doyle, Member  
                                      James Tripp, Member

Not Present:                     Dennis Polley, Member

District Staff:                 Mark Stratton, General Manager  
                                      Michael McNulty, Legal Counsel  
                                      Warren Tenney, Clerk of the Board  
                                      Joyce Osborne, Recorder

**REGULAR SESSION**

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

Dan M. Offret, Vice 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, and James Tripp were present. Dennis Polley was not present. Jim Doyle arrived at 6:10 p.m.

**II.    General Comments from the Public**

There were no comments from the public.

**III.   Consent Agenda**

- A.    Approval of Minutes – December 8, 2003 Board Meeting.**
- B.    Ratification of Billing Adjustments.**
- C.    Approval of Bad Debt Write-offs.**
- D.    Ratification of Bill of Sale – Cortaro I, Revision 1.**
- E.    Ratification of Bill of Sale – St. John's Property, Lots 1-35, Common Areas "A" & "B".**
- F.    Approval of Water Service Agreement – Foothills Mall Revision No 15.**

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

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

##### **A. Presentation to Kevin Westbrooks for Employee of the Year.**

Mr. Offret presented the 2003 Employee of the Year award to Kevin Westbrooks after providing a brief background on Mr. Westbrooks contributions to the District. Mr. Westbrooks is the Backflow Specialist/Safety Officer. Mr. Offret congratulated Mr. Westbrooks and thanked him for a job well done.

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

Mr. Stratton stated the District is on track with its various projects including the Capitol Improvement Program (CIP). Dar-Hil construction has three crews working on the La Cholla transmission line project. Mr. Stratton noted that Dar-Hil has begun installing the transmission main and that the water line relocation work is taking quite a bit of time. It is anticipated the Mona Lisa well will be completed at the end of February 2004. The well modification work at Thornydale and Marlene wells should be completed in early March 2004.

Ms. Downing asked if the District is on time with construction projects. Charlie Maish, District Engineer, replied that Gilbert Pump has asked for extensions. At the La Cholla project there is much to do and Dar-Hil is doing a good job. There is a full time District project inspector on this project site.

Mr. Offret asked about crews that he saw working in the Orange Grove Road area at Christmas time. Mr. Stratton explained there was a main break Christmas Eve, and the new Smokin Restaurant at Oracle and Orange Grove had a line break that crews responded to repair. Mr. Stratton said staffs worked until 4:00 a.m. Christmas Eve to repair the main break.

Ms. Downing asked how the new second shift position is working out. Mr. Stratton replied that the second shift person seems to be working out well and is kept busy with tasks. There has not been a significant decrease in overtime hours to date because during December staffs worked extra time due to frozen pipes during the cold weather and the national security level changing.

##### **C. Election of Chair and Vice Chair for the Board of Directors.**

Mr. Stratton noted that Dennis Polley, current Chair, will be moving before his term on the Board expires in January 2005. Mr. Tenney said the Board is required to annually elect a Chair. The Board has traditionally also had a Vice Chair whose term expires in January each year as well. The Board has traditionally elected a new Chair and Vice Chair during January.

Mr. Offret asked for the Board's opinion. Mr. Doyle suggested the Board vote at this time. Mr. Stratton explained that historically the Chair is someone who has seniority serving as a Board of Director.

Mr. Tripp made a motion to nominate Mr. Offret as Chair for the Board of Directors for the Metropolitan Domestic Water Improvement District. Mr. Doyle seconded the motion. Motion passed unanimously.

Mr. Offret called for nominations for Vice Chair. Mr. Doyle made a motion to nominate Ms. Downing as Vice Chair for the Board of Directors for the Metropolitan Domestic Water Improvement District. Mr. Tripp seconded the motion. Motion passed unanimously.

#### **D. Financial Report.**

Mike Land, Chief Financial Officer, commented that water sales compared to the same period last year were up \$80,000. He noted that this was in part due to the change in the 1,000 gallon allowance. Mr. Land said that actual water usage is down. He said that changing from fiscal year to calendar year may make the actual water usage easier to follow and to do more accurate comparisons.

Ms. Downing asked if there are any sub-divisions being developed within the District. Mr. Maish said Canyon Ranch, in the Hub service area, is starting up a development of 20 lots. He noted that there is an improved development at River Side Crossing that could start at any time.

#### **E. Discussion and Direction for Legislative Issues 2004.**

Susan Charlton, District lobbyist from Gallagher and Kennedy, said the Legislature came into session today. The House has until February 9, 2004 to introduce bills, and the Senate has until February 2, 2004. The largest issues are the state budget and transportation. Other issues include the state-wide smoking ban, early childhood education, and anti-price gouging laws.

Ms. Charlton said the water bills include the exempt well bill. Southern Arizona Water Users Association (SAWUA) has introduced this bill for the last several years. Representative O'Halloran has agreed to sponsor the bill. Basically the bill would prohibit exempt wells from being drilled in an Active Management Area (AMA) within the exterior boundaries of the service area, and within 100 feet of an operation distribution system of a municipal provider with an assured water supply. The realtors have decided this year not to oppose the bill.

Ms. Charlton said there are three other bills that have not been introduced yet but are being discussed. The first is a bill that would request money for rural water studies. The second bill would require more coordination between counties and municipalities on regional water issues. The third bill would allow cities and towns outside of AMAs to design sub-division applications based on inadequate water supplies.

Mr. Stratton explained that the well recovery bill addresses conflicts with local water districts. For example, Arizona Water Banking Authority (AWBA) has been storing CAP water on behalf of the

City of Tucson. However, current statutes do not allow the City of Tucson to recover that water, which is in its service area, unless it receives permission from nearby jurisdictions. Mr. Stratton said this could be problematic for the District if it needed to recover stored water credits in that the District would be required to negotiate with another jurisdiction to reclaim its own water. Arizona Department of Water Resources has developed language that would allow water districts to recover water without the approval of nearby jurisdictions. Mr. Stratton noted that Cortaro/Marana Irrigation District (CMID) and Marana are opposed to changing the current language. He explained that compromised language has been developed, basically limiting the statute to apply only to Colorado River Water. The purposed legislation is currently in a holding pattern, with the lobbyist for CMID and Marana involved in discussions with Tucson Water. Mr. Stratton said it is the District's opinion to try to keep working on its relationship with Marana, as well as with Tucson. He recommended that the District wait to see what is actually submitted for legislation.

Mr. Offret asked where other water companies stand on this issue. Mr. Stratton said that they appear to be in favor of the language change.

#### **F. CAGRD Draft Plan of Operations.**

Mr. Tripp made a motion to direct the Chair to sign a letter to the CAWCD Board regarding the District's concerns pertaining to the CAGRD draft plan of operation. Mr. Doyle seconded the motion for discussion.

Mark Myers, water policy consultant, explained that in December 2003 the Central Arizona Project (CAP) staff released a draft conceptual plan of operations for 2005 to 2015. Currently, the District is working with other subcontractors and homebuilding interests to attempt to create a joint alternative to the CAGRD draft plan. He noted that numerous municipalities and groups have been meeting to discuss the CAGRD draft plan because of its substantial impact to all water communities, and most are drafting letters expressing the same concerns as the District.

Mr. Myers said on January 22, 2004 there is a study session of the CAP Board and it is anticipated to have the letters mailed before the meeting. Hopefully the CAP Board will instruct staff to slow down the process (they have until January 2005 to develop and finish this plan of operation) and to work together with major customers to develop a plan that is based on the underlying legislative intent and public policy consensus as it existed up until this time with respect to CAP. Mr. Myers added that it is also hoped that the CAP Board will derail the draft with firm instruction to staff to come back with something that is more acceptable.

Mr. Offret wants the District to be proactive on this issue. He asked at what time it would be feasible to bring in a lobbyist to start educating our legislators about this issue. Mr. Myers said staff will know on January 22, 2004 what the CAP Board will do. He added that the letters that will be mailed to the CAP Board will be positive.

Mr. Offret asked Mr. Stratton to keep the Board apprised of any new information.

Mr. Tripp called for a vote on the motion as stated. The motion to direct the Chair to sign a letter to the CAWCD Board regarding the District's concerns pertaining to the CAGR draft plan of operation passed unanimously.

**G. Award of the Construction Contract for the Auxiliary Power and Well Site Improvements for Hub Well No. 4.**

Mr. Tripp made a motion to award the construction contract for the Auxiliary Power and Well Site Improvements for Hub Well No. 4 project to Gilbert Pump and Equipment Company in the amount of \$576,300; and to authorize the General Manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed \$30,000 (approximately 5% of the expected bid amount); and 2) increase the original construction contract term a cumulative amount not to exceed 60 calendar days. Any changes in excess of the above limits shall be submitted to the Board of Directors for approval. Ms. Downing seconded the motion for discussion.

Mr. Offret asked Mr. Maish if he thought the cost of improvements on average were running higher. Mr. Maish said yes, much higher due to inflation, and noted the comparison of during 1999 when the cost for a 300 kilowatt generator with electrical and switch gear was \$300,000. He explained that Hub Well No. 4 improvements and auxiliary power project required replacing the pump, pump motor, and cleaning the well casing to increase the pumping rate from Hub Well No. 5. Mr. Maish said the contract also includes sound enclosures for the pump and generator. In addition, a block wall is being installed due to the wells close proximity to area residents.

Mr. Offret asked about the vertical drive unit; in particular, if it was similar to one that was installed at Tucson National East which had a high pitched whine caused by the variable frequency drive. Mr. Offret said he recalled that project and noted there were difficulties with Gilbert Pump and the amount of time it took them to install parts. He asked if there was anything in the contract that specifies the number of days Gilbert Pump has in order to complete the Hub Well No. 4 project. Mr. Maish said March 31, 2004 was the deadline to have the well back on line, with an additional two months to complete site improvements. If the first deadline is not met, there is a fee of \$1,500 per day until the work is completed.

Ms. Downing asked if plants or shrubbery will be planted outside the wall at Hub Well No. 4. Mr. Maish said oleanders will be planted that will face the homes of the residents in the area.

The motion to award the construction contract for the Auxiliary Power and Well Site Improvements for Hub Well No. 4 project to Gilbert Pump and Equipment Company in the amount of \$576,300; and to authorize the General Manager to approve the following changes to the construction contract: 1) allocate additional funding a cumulative amount not to exceed \$30,000 (approximately 5% of the expected bid amount); and 2) increase the original construction contract term a cumulative amount not to exceed 60 calendar days passed unanimously. Any changes in excess of the above limits shall be submitted to the Board of Directors for approval.



**H. Contract Amendment No. 1 for Additional Design Services for Linda Vista Transmission Main, Phase 1.**

Mr. Tripp made a motion to approve Contract Amendment No. 1 for additional design services for the Linda Vista Transmission Main, Phase 1 with Camp Dresser & McKee, Inc. in the amount of \$3,584. Ms. Downing seconded the motion. Motion passed unanimously.

**I. Mission Statement for the Vulnerability Assessment.**

Mr. Hill explained that the mission statement is required as part of the vulnerability assessment. The Bio-terrorism Preparedness Act, which became law June 12, 2002, requires compliance with a vulnerability assessment. The District has until June 2004 to comply with this requirement. Mr. Hill said that Homeland Security, as a part of each entity's Emergency Operation Plan, wants to assure that they include reliability in mission statements. The District is developing an action plan around its mission statement. Staff felt that without a properly aligned mission statement the District would not be looked on favorably by the Environmental Protection Agency. Mr. Hill said he believed that District staff added quantity and reliability to its former mission statement.

Mr. Tripp made a motion to approve the proposed mission statement for Metro Water Improvement District to read as follows: "To serve the needs of its customers through superior quality of water, in sufficient quantities, with reliable service and value." Mr. Doyle seconded the motion.

Ms. Downing asked if the District currently has a mission statement. Mr. Hill said the District does currently have a mission statement, but that further clarification addressing issues that EPA requires is needed.

Mr. Doyle seconded the motion. Motion passed unanimously.

**V. General Manager's Report**

Mr. Stratton said one key issue staffs are currently addressing is the financial needs of the District. Staff is trying to fine tune the future CIP as well as identify items that have been open ended or placed temporarily on hold. Mr. Stratton recommended the Board have a study session later this month to formulate a plan of action as to what needs to be done in the coming months regarding identifying and funding for the CIP. He added that staff has also begun the budget process. It is anticipated that during February 2004 an initial draft will be completed and presented to the Board of Directors at meetings to be scheduled to review those drafts.

Mr. Offret inquired if the Employee Professional Growth Fund had been moved into a separate line item account within the District's budget. Mr. Stratton replied that it had not; however, this item will be addressed during the current budget process. Mr. Land explained that the monies are tracked and since it is known what the carryover amount is for each budget year staff knows the total amount available per employee. Mr. Offret said he would like to get away from including it as a part of the budget. He said the monies are for the professional growth of employees and wants to keep it separate

from the District budget. Mr. Land explained that the monies are technically a portion of the general fund.

Ms. Downing said she agrees with Mr. Offret and wants to keep the monies separate. Mr. Offret asked if there was a way that a journal entry could be made in order to keep the monies out of the general fund balance and also keep it out of the budget process. Mr. Land said that the accountants would look at it as an expenditure for the District regardless.

After continuing discussions on the Employee Professional Growth monies, Mr. Stratton recommended that staffs re-visit options for keeping and tracking the monies. Mr. Land agreed with Mr. Stratton. Mr. Offret suggested getting together with Mr. Land for further clarification on the accounting process as it relates to the Employee Professional Growth monies.

Mr. Stratton noted that he and Mr. Maish had met with a Pima County Department of Transportation employee who is also a customer of the District. He was concerned about the amount of monies spent on water line relocations by the District. Mr. Stratton said he believed the discussions helped to open up communications with Pima County Department of Transportation.

Mr. Stratton said a decision was made on the vacant Utility Superintendent position. Steve Shepard was offered the position as he was the strongest candidate. Steve has been with the District for ten years, and was previously the Assistant Utility Superintendent.

Mr. Stratton explained that the new warehouse inventory program has been operational for six months. Meetings have been held to discuss how the program is progressing, and staff continues to monitor the methods and processes. At the end of the current fiscal year the District should be in a position to determine if the new inventory program has been successful. Staff will also have a more solid handle on the District's total inventory. Ms. Downing noted the importance of having firm control of the inventory.

Mr. Stratton said the tax return for the Municipal Property Corporation (MPC) needs to be completed by April 2004. The MPC members have not met during the past year. The current policy states that two members of the MPC shall be current members of the Board of Directors. Mr. Stratton explained that the policy also states there shall be two annual meetings of the MPC. Mr. Stratton said that with discussions currently underway regarding future potential CIP projects, particularly additional reservoir sites, it is unknown at this time if the MPC will be used as a financing mechanism for these projects. Ms. Downing suggested adding this item to the agenda for the study session scheduled later this month.

Mr. Stratton briefly mentioned the Hub Service Area and its arsenic issues. He noted that he would like to schedule a field trip of that area for interested Board members. Mr. Stratton will schedule a tour for the Board members to visit the Hub Service Area sometime during February 2004.

Mr. Tripp asked about the Mona Lisa well and auxiliary power. Mr. Hill explained that eventually an alternate power source will be incorporated at Mona Lisa; however, it is not part of the initial project.

He noted that natural gas will be considered for future service. Ms. Downing asked about water pressures at Mona Lisa. Mr. Hill said they have balanced out for the time being.

**VI. Legal Counsel's Report**

Mr. McNulty said that legal issues have been minimal and there was nothing to be presented at this time.

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

The next regular meeting of the Board is February 9, 2004 at 6:00 p.m. A study session is scheduled for January 26, 2004 at 5:00 p.m.

Ms. Downing said she would like to make the Board more available to all District customers. She suggested having a locked suggestion box for those customers who come in to the lobby to place written comments. This would provide another avenue for customers to have a chance to be heard.

Mr. Stratton pointed out that at last week's staff meeting they discussed ways to make the Board more visible to customers. This would assist in providing customers with information regarding the Board, as well as information on the District's position on local and statewide water issues, and future capital improvement needs.

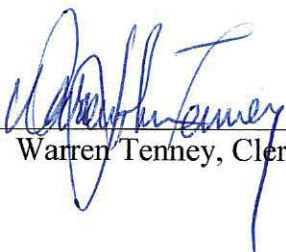
Mr. Offret noted that Mr. Polley is planning to move out of the District, and asked about a new appointment to the Board. Mr. Stratton explained that since it is unknown at this time when Mr. Polley actually plans to resign, the Board will not be in a position to consider a replacement for Mr. Polley's position on the Board of Directors. Mr. Tenney added that once Mr. Polley has provided his formal resignation, the Board can consider options for filling the vacant position.

**VIII. General Comments from the Public**

There were no comments from the public.

**IX. Adjournment**

The meeting adjourned at 7:20 p.m.

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