

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

October 15, 2003

**** Board Room ****

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

PUBLIC HEARING

MINUTES

Board Members Present:	Dennis Polley, Chair Dan M. Offret, Vice Chair James Tripp, Member Sue Downing, Member
Board Members Absent:	Jim Doyle, Member
District Staff Present:	Christopher Hill, Deputy Manager Keri Silvyn, Legal Counsel Warren Tenney, Clerk of the Board Alice Stults, Recording Secretary

PUBLIC HEARING

I. Call to Order and Roll Call

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District (District), called the Public Hearing to order at 6:00 p.m. Dennis Polley, Dan M. Offret, James Tripp, and Suzanne Downing were present. Jim Doyle was not present.

II. Presentation Regarding Possible Changes to Customer Deposits of the District's Water Rate Structure Fees

Mike Land, Chief Financial Officer, explained that since the formation of the District in 1992, security deposits have been assessed to new customers. The security deposits are refundable with interest after twelve months with no delinquencies or upon termination of service. Mr. Land noted that with landlords no longer being liable for unpaid charges remaining from former tenants, the increase in customer deposits would help curb unpaid debts by the renters. The proposed changes to customer deposits are calculated based upon meter size and would not affect existing District customers.

III. Comments from the Public Regarding Proposed Changes to Customer Deposits

Warren Tenney, Assistant to the General Manager, noted that the District had not receive letters or verbal communications from customers of the District regarding the proposed changes to customer deposits prior to the Public Hearing.

There were no comments from the public during the Public Hearing.

IV. Consideration and Possible Adoption of Resolution No. 2003-7 to Increase Customer Deposits of the District's Established Water Rates and Fees

Mr. Offret made a motion to approve Resolution 2003-7 to increase the customer's deposits of its established water rates and fees. Mr. Tripp seconded the motion. Motion passed unanimously.

V. Adjournment

The Public Hearing adjourned at 6:06 p.m.

REGULAR SESSION

I. General Comments from the Public

There were no comments from the public.

II. Consent Agenda

- A. Approval of Minutes – September 8, 2003 Board Meeting.**
- B. Ratification of Billing Adjustments.**
- C. Ratification of Bill of Sale – Appian Estates, Lots 1-10 & Common Areas A, B, & C.**
- D. Ratification of Bill of Sale – Casas Commerce Center.**
- E. Approval of Water Service Agreement – La Naranja Medical Center.**

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

III. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Chris Hill, Deputy Manager, noted that the District's water pumpage was down from the previous month due to the weather and increased rain. Mr. Tripp added that with the transition from summer grass to winter grass, additional water savings is created.

Mr. Hill said the seven day test period has just been completed for the Thornydale Well modification and the well is operational. Marlene and Ina/CDO wells are scheduled for modifications and will be connected to the Herb Johnson transmission line when the modifications are complete. Mr. Hill said the Magee Road Transmission Main Phase I, is several days from being completed.

B. Financial Report.

Mr. Land said the audit has been completed and sent to Clifton Gunderson for its review. A copy has also been faxed to Pima County. The final audit will be available for the Board's review at the November 10, 2003 meeting.

C. Liability and Property Insurance Renewal.

Mr. Land explained that the liability and property insurance policy expired on September 30, 2003. It was projected that there would be an increase in premium of approximately 20%; however, the increase was approximately 37%. Staff is working with the Mahoney Group to determine if there are ways to lower the cost of the premiums.

Mr. Offret asked where the money will come from for the increased insurance cost. Mr. Land said it may be possible to make up the difference in other line items in the overall budget as the fiscal year progresses.

Ms. Downing asked if any coverage was cut from the policy. Mr. Land replied that coverage was not cut, but deductibles were increased in an attempt to lower premiums. He explained the District is contacting other utilities to compare coverage and costs.

Mr. Offret asked if the District had suffered any property losses during the past year. Mr. Land said the District suffered minimal loss during the past year; however it did suffer larger losses in previous years.

D. Approval of Copier / Printer Acquisition and Maintenance Agreement.

Mr. Tripp made a motion to approve a three year lease and "All Inclusive" maintenance agreement with Imaging Systems of Arizona for two Sharp AR-M350N network copier/printers. Mr. Offret seconded the motion. Motion passed unanimously.

Ms. Downing asked if the District copied enough documents to warrant two large copy machines. Mr. Land said yes and explained the copy machines are also network printers, eliminating the need for laser printers that would otherwise be used by staff.

E. Approval of Groundwater Savings Projects Agreement.

Mr. Tripp made a motion to approve the amendment to the agreement between the District and Herb Kai for "In-Lieu Water Deliveries and Storage" and that the agreement be in effect until December 31, 2004, unless renewed by the District and Herb Kai. Mr. Offret seconded the motion.

Ms. Downing asked how the present agreement differed from the previous agreement. Mr. Hill said to his knowledge nothing had changed in the agreement. He explained the agreement was being presented in order to collectively get all agreement renewal dates the same time each year.

The motion passed unanimously.

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" subject to approval by Cortaro's Board and that the agreement be in effect until December 31, 2004, unless renewed for an additional year by the District and the Cortaro Water Users' Association. Mr. Offret seconded the motion. Motion passed unanimously.

Mr. Tripp made a motion to approve the amendment to the agreement between the District and BKW Farms for "In-Lieu Water Deliveries and Storage" and that the agreement be in effect until December 31, 2004, unless renewed for an additional year by the District and BKW Farms. Mr. Offret seconded the motion. Motion passed unanimously.

F. Approval of Revised Personnel Manual for District Employees.

Mr. Tripp made a motion to approve the revised personnel manual for District employees as presented at the October 15, 2003 Board meeting. Mr. Offret seconded the motion.

Ms. Downing asked if the date could be placed on each page of the personnel manual so that future changes could be made on individual pages as opposed to complete revisions of the manual. Mr. Tenney said that minor changes could be made to the existing document that would reflect the date of the change. Ms. Downing asked what the dollar amount was per year for employee professional growth. Mr. Tenney said \$350 per year with the ability to accumulate monies for up to three years.

Mr. Tenney noted that a change would be made to the manual that was suggested by Mr. Tripp. Under the section dealing with safety, the time period for notifying a manager of the accident would be changed to reflect a period of no later than 12 hours from the time of the accident.

Ms. Downing thanked staff for doing a good job on the personnel manual. She asked when it was expected that staff would receive a copy, and if a synopsis page detailing the major changes would be provided to staff as well. Mr. Tenney explained that the revisions were presented to staff during meetings for review and discussion. The last page of the personnel manual is a signature page for staff to sign and date to indicate they received a copy of the manual. It is expected staff will receive a copy of the personnel manual on Friday or Monday, following this meeting.

The motion to approve the revised personnel manual for District employees as presented at the October 15, 2003 Board meeting passed unanimously.

G. Consultant Selection for Engineering Design Services for Northeast Water Reservoir.

Mr. Tripp made a motion to approve the Engineering Consultant ranking and direct District staff to proceed with developing an acceptable design contract agreement (Scope of Services, schedule, contract and fee) with the top ranked firm, HDR, for the Northeast Water Reservoir design. If staff is unable to negotiate an acceptable design contract agreement with HDR, then staff has the authorization to negotiate with the next highest ranked firm, and continue the process, if necessary, until an acceptable design contract agreement is obtained. Staff shall submit the final negotiated design contract agreement to the Board of Directors for approval. Mr. Offret seconded the motion.

Mr. Offret inquired as to the number of sites that would be considered for the Northeast Reservoir. Charlie Maish, District Engineer, said the District would be looking at three sites.

Motion passed unanimously.

H. Direction for Recommendations for South Shannon Treatment System Modification.

Mr. Tripp made a motion to direct staff to pursue the Aeration (large units) option for improving the South Shannon Treatment System and to present that option to the customers within the South Shannon service area for feedback to be presented to the Board. Mr. Offret seconded the motion.

Mr. Hill presented the Board with a draft letter informing the public of the South Shannon Treatment System proposed changes. He requested that Board members provide staff their thoughts or suggestions on the letter.

Mr. Hill explained that staff is currently reviewing options for obtaining funds to complete the project. He noted that it is not anticipated the District will receive funding from ADEQ. Ms. Downing asked if the work was completed this year on the South Shannon Treatment System, could the District request funds from ADEQ next year to offset the cost. Mr. Hill said this is a possibility and staff would proceed with the necessary steps during ADEQ's budget process.

The motion to direct staff to pursue the Aeration (large units) option for improving the South Shannon Treatment System and to present that option to the customers within the South Shannon service area for feedback to be presented to the Board passed unanimously.

IV. General Manager's Report

Mr. Hill noted that water conservation workshops were held by the District on October 11 and 15, 2003. The workshops were attended well by District customers.

Mr. Hill mentioned the joint study session with the Board of Director's and the Bond Oversight Committee scheduled for October 27, 2003. Discussion will focus on prioritization of the future capital improvement program as well as funding options.

Mr. Hill said there are two conferences scheduled for the near future. The first is the WestCAS conference scheduled for October 29 through October 31, 2003 at the Westward Look in Tucson. The second is the Colorado River Water Users Association annual conference that will be held in Las Vegas on December 10 through December 12, 2003. Board members interested in attending are asked to contact District staff.

Mr. Hill said that Mona Lisa Village and Tucson National Casitas have each paid the disputed amounts owed to the District.

Mr. Hill thanked Steve Dean, Utility Superintendent, for his contributions to the District and wished him the best of luck with his new employment. Mr. Dean recently accepted a job offer in Prescott, Arizona. Board members also wished Mr. Dean well and thanked him for his hard work, noting it will be difficult to replace him.

V. Legal Counsel's Report

Legal Counsel had nothing further to report.

VI. Future Meeting Dates; Future Agenda Items

A joint study session with the Board of Directors and the Bond Oversight Committee is scheduled for October 27, 2003 at 5:30 p.m. The next regular meeting of the Board is November 10, 2003 at 6:00 p.m.

VII. General Comments from the Public

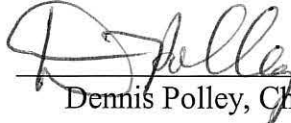
Mark Myers, Water Resources Policy Consultant, said that during the last couple of months two political issues came up in Phoenix that were important for the District. The District took the lead on one of the issues, and shared the lead on the other issue with the City of Tucson and AWBA. Mr. Myers congratulated Mr. Stratton and other District staff for the strategic groundwork on legislative issues laid by the District over the years. He added that the District and its Board is recognized statewide for its credibility and influence.

VIII. Adjournment

The meeting adjourned at 6:40 p.m.



Clerk of the Board



Dennis Polley, Chair of the Board