

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

September 8, 2003

****Board Room****

**Metropolitan Domestic Water improvement District
6265 N La Canada Drive
Tucson, AZ 85704**

BOARD MEETING

MINUTES

Board Members Present: Dennis Polley, Chair
 Suzanne Downing, Member
 Jim Tripp, Member

Board Members Absent: Dan M. Offret, Vice-Chair
 Jim Doyle, 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

Dennis Polley, Chair of the Board of Directors of the Metropolitan Domestic Water Improvement District, (District) called the Board Meeting to order at 6:02 p.m. Dennis Polley, Suzanne Downing and Jim Tripp were present. Jim Doyle and Dan M. Offret were not present.

II. General Comments from the Public

There were no comments from the public.

III. Consent Agenda

- A. Approval of Minutes – August 11, 2003 Board Meeting.
- B. Approval of Minutes – August 25, 2003 Study Session.

- C. Ratification of Billing Adjustments.
- D. Ratification of Bill of Sale – La Cholla Bluffs, Lots 1-50
- E. Ratification of Bill of Sale – La Cholla Medical Offices
- F. Ratification of Professional Service Agreement for Corrosion Monitoring of Transmission Mains.

Mr. Tripp made a motion to approve the consent agenda. Suzanne Downing seconded the motion. Suzanne Downing wanted to know if Item III.F., Ratification of Professional Service Agreement for Corrosion Monitoring of Transmission Mains, had gone out to bid. Charlie Maish, District Engineer, explained that packets were sent to other corrosion consultants in the area requesting professional services. Ms. Downing asked if staff was comfortable with the bid received and Mr. Land said he was. Motion passed unanimously.

IV. General Business – Items for Discussion and Possible Action

A. Monthly Status of the District.

Mr. Stratton noted that nothing out of the ordinary had happened during the month of August 2003 in comparison with previous months.

B. Financial Report.

Mike Land, Chief Financial Officer, stated that the audit process has started and all the field work had been completed by the end of August. Mike is currently awaiting confirmation and the data of the GASB 34 portion. Mr. Land stated that the cash balance is good and the financial obligations of the District are OK.

C. Resolution 2003-6 – Capitalization and Amortization of the Regulatory Asset Established for the Debt Pertaining to the COT Settlement.

Mr. Tripp made a motion to approve Resolution 2003 to capitalize and amortize the Regulatory Asset established for the debt pertaining to the City of Tucson. Ms. Downing seconded the motion.

Ms. Downing asked for an explanation of the resolution. Mr. Land said that when the District settled with the City of Tucson the note was for 20 years and the resolution was to write off \$12 million. Since the note has been financed and bonds were sold, the extension was for 2023, which was longer than the original settlement. The auditors suggested that the amortized period should be extended to match the maturity of the bonds. Mr. Land said it was simply a housekeeping deal and it would change the financial structure by \$100,000 for the extension, which better suites the purpose of the bonds.

Mr. Polley called for a vote on the motion and it passed unanimously.

D. Customer Service Issues.

- 1. Landlord-Tenant Agreements, Unpaid Inactive Accounts, and Delinquent Accounts**
- 2. Direction to Schedule a Public Hearing for the Consideration of Changes to Customer Deposits.**

Mr. Tripp made a motion to direct staff to schedule a Public Hearing for the purpose of discussing the possible increase to customer deposits for establishing service with the District. Ms. Downing seconded the motion. The motion passed unanimously.

Mr. Polley and Ms. Downing thanked Mr. Land and Sheila Willis for reviewing with them the procedures of the District regarding the landlord-tenant agreement, unpaid inactive accounts, and delinquent accounts. They thought staff put forth a good effort to develop new procedures that will benefit customers.

Ms. Downing made a motion to approve the new landlord-tenant agreement as presented by staff. Mr. Tripp seconded the motion. Mr. Land questioned if the Board intended for the revised agreement to be effective immediately. The Board indicated that was the case. The motion passed unanimously.

E. Discussion of Donations to Other Entities.

Mr. Tripp made a motion that request for donations related to water be brought before the Board for consideration in conjunction with Legal Counsel's review of the request. Ms. Downing seconded the motion.

Discussion followed regarding the status of bottled water. Mr. Stratton said that space and disposal of concentrates are still issues and staff wanted to define the numbers more clearly before presenting it to the Board for approval. Ms. Downing suggested that an application form be developed.

Mr. Polley called for a vote on the motion and it passed unanimously.

F. Approval of District Lobbyist for 2004 Legislative Session.

Mr. Tripp made a motion to approve the firm of Gallagher & Kennedy as the District's lobbyist for the 2004 Arizona Legislative Session. Ms. Downing seconded the motion. The motion passed unanimously.

G. Renewal of License Agreement with Pima County for district Piezometers on Pima Count Property.

Mr. Tripp made a motion to renew the License Agreement with Pima County Real Property for the Oasis Piezometers. Ms. Downing seconded the motion. The motion passed unanimously.

H. Award and Approval of Telemetry Materials.

Mr. Tripp made a motion to approve the Telemetry materials 2003 bid of Border States Electric of Tucson and authorize staff to utilize this bid for the purchase of Telemetry Materials as part of the District's CIP. Ms. Downing seconded the motion. The motion passed unanimously.

V. General Manager's Report

Mr. Stratton said interviews with two consulting firms are to be conducted for the design of the Northeast reservoir. He will bring the results of those interviews to the October Board meeting including the site evaluation at Immaculate Heart School and the Westward Look area. Depending on costs, the upper zone of Immaculate Heart may be more desirable.

Mr. Stratton said that the Bond Oversight Committee will meet next Monday and will receive a priority list of capitol projects. Mark also wants the Board to look at a possible October joint meeting with the Bond Oversight Committee to discuss time frames for CIP funding, bond elections, etc.

Mr. Stratton mentioned that a person was hired for to fill the Telemetry/IS Analyst position and will start September 15, 2003. The new Second Shift Utility Maintenance Worker position has also been filled and the person will start September 22, 2003.

Mr. Stratton asked Mark Myers to briefly review the CAWCD status regarding capitalization charges for facilities that were already paid for by taxpayers. Mr. Myers is working closely with CAWCD Board members, Diana Kai and Carol Zimmerman. Meetings have been scheduled to discuss the proposal by CAWCD to add a capital component charge to state demonstration projects. Municipal providers argue they should be exempt from that charge since their ratepayers initially provided the funds for those projects. It is hoped that CAWCD will change the proposal before it is finalized. Mr. Stratton said the other issue with CAWCD is the creation of the supplemental AG pool, which can be seen as a subsidization of agriculture use in Pinal County at the potential future expense to M & I sub-contractors. The pool would have no capital components related to the delivery of this water and it would cut into the reserves that CAP has generated. The only way to recoup the reserves back is thru the M & I provider paying full cost for that water, which means an increase in O & M costs. Mr. Stratton also reported that the entities involved with the Santa Cruz Managed Effluent Recharge Project are nearing a resolution with ADWR so that the permit will be issued.

Mr. Stratton said that the Cortaro Marana Irrigation District's manager resigned about a week ago but is still having to maintain and operate its system. Brad DeSpain, Utilities Director for the Town of Marana Municipal Water System, suggested that Marana and the District consider combining their resources to provide an operating agreement for both entities to operate and maintain the overall system. Mr. Stratton said he would keep the Board informed.

Mr. Stratton added that there are conservation workshops scheduled for 11th and 15th of October. He also stated that the open house of the Hub customers is scheduled for September 18, 2003 at Fruchthendler Elementary School. Staff is preparing displays of improvements.

VI. Legal Counsel's Report

Mr. McNulty stated that there was no legal counsel report.

VII. Future Meeting Dates; Future Agenda Items

Mr. Tripp requested that a Public Hearing be scheduled for Wednesday, October 15, 2003 prior to the regularly scheduled Board meeting to consider the fee increase in deposits.

Mr. Stratton asked Board members to inform him if they want to have a study session before the October 15, 2003 meeting.

VIII. General Comments from the Public

John Kulakowski from the Hub service area thanked the District for scheduled the open house for September 18, 2003. He noted that Councilwoman Carol West, Representative Andrew Graff and Supervisor Ray Carroll had been invited.

IX. Adjournment

The meeting was adjourned at 6:40 p.m.


Clerk of the Board


Dennis Polley, Chair of the Board